

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA**

**Financial Report
As of and for the Year Ended June 30, 2012**

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Financial Report
For The Year Ended June 30, 2012

Table of Contents

	<u>Page</u>
Independent Auditors' Report -----	1
Required Supplemental Information (Part A)	
Management's Discussion and Analysis (MD & A) -----	5
Basic Financial Statements	
Government-Wide Financial Statements (GWFS):	
Governmental Activities:	
Statement of Net Assets -----	16
Statement of Activities -----	17
Fund Financial Statements (FFS):	
Governmental Funds:	
Balance Sheet -----	19
Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Assets -----	20
Statement of Revenues, Expenditures, and Changes in Fund Balances -----	22
Reconciliation of the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities -----	23
Fiduciary Fund – Agency Funds:	
Statement of Assets and Liabilities -----	25
Notes to the Basic Financial Statements -----	26
Required Supplemental Information (Part B)	
Budgetary Comparison Schedules:	
General Fund -----	59
Title I -----	60
2001 Sales Tax-----	61
Notes to Budgetary Comparison Schedules -----	62
Other Post Employment Benefits Schedule of Funding Progress-----	63
Other Post Employment Benefits Schedule of Employer Contributions-----	63

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Financial Report
For The Year Ended June 30, 2012

Table of Contents

Page

Supplemental Information

Non-major Funds:

Fund Descriptions -----	66
Combining Balance Sheet -----	68
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance -----	69

Special Revenue Funds:

Balance Sheet -----	70
Schedule of Revenues, Expenditures and Changes in Fund Balances -----	71

Debt Service Funds:

Combining Balance Sheet -----	73
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -----	74

Capital Projects Funds:

Combining Balance Sheet -----	76
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -----	77

Schedule of Compensation Paid Board Members -----	79
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CITY OF MONROE SCHOOL BOARD
Monroe, LA

Financial Report
For The Year Ended June 30, 2012

Table of Contents

Page

Supplementary Information -
Grant Activity

Report on Internal Control Over Financial Reporting and Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> -----	81
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 -----	83
Schedule of Expenditures of Federal Awards -----	85
Notes to Schedule of Expenditures of Federal Awards -----	87
Schedule of Findings and Questioned Costs -----	88
Summary Status of Prior Year Findings -----	90

Other Information

Independent Auditors' Report on Applying Agreed-Upon Procedures -----	92
Schedule Descriptions -----	95
Schedule 1 – General Fund Instructional and Support Expenditures and Certain Local Revenue Sources-----	97
Schedule 2 – Education Levels of Public School Staff -----	99
Schedule 3 – Number and Type of Public Schools -----	100
Schedule 4 – Experience of Public Principals, Assistant Principals and Full-Time Classroom Teachers -----	101

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Financial Report
For The Year Ended June 30, 2012

Table of Contents

	<u>Page</u>
Schedule 5 – Public School Staff Data; Average Salaries -----	102
Schedule 6 – Class Size Characteristics -----	103
Schedule 7 – Louisiana Educational Assessment Program (LEAP) -----	104
Schedule 8 – The Graduation Exit Exam (GEE) for the 21 st Century -----	106
Schedule 9 – The iLeap Tests -----	107

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
Philip A. Ragsdale, CPA
David Ray Soignier, CPA, MBA

John Herman, CPA
Lynn Andries, CPA
Esther Atteberry, CPA
Lori Woodard, MBA, CPA

INDEPENDENT AUDITORS' REPORT

City of Monroe School Board Monroe, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the **City of Monroe School Board** (the School Board) as of and for the year ended June 30, 2012, which collectively comprise the School Board's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Monroe School Board, as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012 on our consideration of the School Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**City of Monroe School Board
Independent Auditors' Report**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary information, the other post employment benefits schedule of funding progress and the other post employment benefits schedule of employer contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Board's basic financial statements as a whole. The accompanying information listed as supplemental information in the Table of Contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Luffey, Huffman, Regalado, & Squires

(A Professional Accounting Corporation)

December 28, 2012

**REQUIRED SUPPLEMENTAL INFORMATION
(PART A)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2012

We offer readers of the City of Monroe School Board's financial statements this narrative overview and analysis of the financial activities of the City of Monroe School Board for the fiscal year ended June 30, 2012. It is designed to assist the reader in focusing on significant financial issues and identifying changes in the School Board's financial position.

Financial Highlights

The City of Monroe School Board ended the 2011-2012 fiscal year with a fund balance in the General Fund of approximately \$14.7 million.

Other financial highlights for the 2011-12 fiscal year include the following:

- Statement of Net Assets – The assets of the City of Monroe School Board exceeded its liabilities at the close of the most recent fiscal year by \$27.6 million (net assets).
- Capital Assets – Total capital assets (net of depreciation) were \$70.7 million or 63% of the total assets. The City of Monroe School Board uses these assets to provide educational services to children and adults; consequently, these assets are not available for future spending.
- Long-Term Obligations – The School Board's total obligations increased by approximately \$1.7 million.
- Statement of Activities – The total net assets of the City of Monroe School Board decreased by approximately \$5.7 million for the year ended June 30, 2012.
- Governmental Funds Balance Sheet – As of the close of the 2011-2012 fiscal year, the City of Monroe School Board's governmental funds reported combined ending fund balance of \$31.1 million, a decrease of approximately \$2.9 million in comparison with the prior fiscal year. This fund balance is comprised of approximately (1) \$14.7 million in General Fund, (2) \$5.8 million in the debt service funds, and (3) \$10.6 million in the remaining special revenue and capital projects funds.
- Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Total revenues for the year ended June 30, 2012 for the governmental funds of the City of Monroe School Board amounted to \$106.6 million. Approximately 80.7% of this amount is received from three major revenue sources: (1) \$44.7 million from Minimum Foundation Program, (2) \$15.6 million from local ad valorem taxes, and (3) \$25.7 million from local sales and use taxes.

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2012

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School Board's basic financial statements. The City of Monroe School Board's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Monroe School Board's finances, in a manner similar to a private-sector business.

- The Statement of Net Assets presents information on all of the School Board's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Monroe School Board is improving or deteriorating.
- The Statement of Activities presents information showing how the School Board's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Monroe School Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City of Monroe School Board can be divided into two categories: governmental funds and fiduciary funds.

- *Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the City of Monroe School Board near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City of Monroe School Board's near-term financing decision. Both the governmental funds balance sheet and the governmental funds statement of revenues,

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2012

expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Monroe School Board maintains nineteen governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Title 1, 2001 Sales Tax and QSCB Series 2011 Fund all of which are considered to be major funds. Data for the other fifteen governmental fund groups are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Monroe School Board adopts an annual appropriated budget for its General Fund and all Special Revenue Funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

- *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the City of Monroe School Board. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Monroe School Board's own programs. The School Board maintains one fiduciary fund named the School Activity Fund.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School Board's compliance with budgets for its major funds. The combining statements for non-major governmental funds are presented immediately following the required supplementary information.

Financial Analysis of Government-wide Activities

The largest portion of the City of Monroe School Board's total assets totaling approximately \$112.2 million reflects its investment in capital assets of \$70.7 million (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The School Board uses these capital assets to provide educational services to children and adults; consequently, these assets are not available for future spending. Although the City of Monroe School Board's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2012

City of Monroe School Board's Net Assets

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Current and other assets	\$ 41,526,176	\$ 46,960,336
Capital assets	<u>70,687,193</u>	<u>71,509,180</u>
Total assets	\$ 112,213,369	\$ 118,469,516
Current and other liabilities	\$ 10,494,893	\$ 12,727,399
Long-term liabilities	<u>74,129,516</u>	<u>72,437,883</u>
Total liabilities	\$ 84,624,409	\$ 85,165,282
Net assets		
Invested in capital assets, net of related debt	\$ 29,637,243	\$ 25,629,180
Restricted	14,030,697	12,789,687
Unrestricted	<u>(16,078,980)</u>	<u>(5,114,633)</u>
Total net assets	\$ 27,588,960	\$ 33,304,234

Restricted net assets of \$14 million are reported separately to show the legal constraints for the payment of outstanding long-term debt obligations and future construction projects and to limit the School Board from using these funds for day-to-day operations. Debt Service Funds account for \$5.7 million of the total, with capital projects accounting for \$5.1 million. The remaining balance is monies restricted for salaries and benefits.

Governmental activities decreased the City of Monroe School Board's net assets by \$5.7 million. Key elements of this decrease are as follows:

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2012

City of Monroe School Board's Changes in Net Assets

	<u>Year Ended June 30, 2012</u>	<u>Year Ended June 30, 2011</u>
Revenues		
Program revenues		
Charges for services	\$ 189,002	\$ 216,447
Operating and capital grants & contributions	19,131,688	26,904,725
General revenues		
Ad valorem taxes	15,617,706	15,347,155
Sales taxes	25,768,276	24,878,002
Minimum Foundation Program	44,731,433	42,580,564
Interest on investments	203,570	172,190
Other general revenues	<u>1,166,392</u>	<u>1,556,994</u>
Total revenues	<u>106,808,067</u>	<u>111,656,077</u>
Expenses		
Instruction	64,578,768	65,482,498
Support services		
Pupil Support Services	6,387,909	7,776,850
Instructional Staff Support	5,362,836	6,122,187
General administration	2,582,924	2,845,639
School administration	4,836,787	5,168,505
Business services	1,605,700	1,571,660
Plant services	8,999,388	8,282,621
Student transportation services	4,128,494	3,991,191
Central services	4,408,984	4,175,939
School food services	6,546,681	6,529,817
Facility acquisition and construction	1,590,575	1,599,458
Debt service - interest on long-term obligations	<u>1,453,735</u>	<u>1,060,939</u>
Total expenses	<u>112,482,781</u>	<u>114,607,304</u>
Increase (decrease) in net assets	<u><u>\$ (5,674,714)</u></u>	<u><u>\$ (2,951,227)</u></u>

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2012

Governmental Activities

Expenses are classified by functions/programs. Instructional services for fiscal 2012 totaled \$64,578,768, compared to a total of \$65,482,498 for 2011. The remaining functions are considered support services and relate to those functions that support the instructional services provided, such as pupil support, instructional staff support, administration, transportation, and plant services. Support services for fiscal 2012 totaled \$38,313,022 compared to \$39,934,592 for 2011.

The remaining expenditures of \$9,937,047 consist of \$1,590,575 for facility acquisition and construction, \$6,546,681 food and service operations and \$1,799,791 of interest expense on long-term obligations.

The related program revenues for fiscal year 2012 directly related to these expenses totaled \$19,163,688, along with \$189,002 in charges for such services. The balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

- **Minimum Foundation Program (MFP)** – MFP is the funding formula for the 69 school districts in the state of Louisiana. The School Board received \$44,731,433 in MFP funds in 2011-2012. This amounts to 42% of the total revenues received by the School Board.
- **Sales Tax revenues** – sales tax revenues are the second largest source of revenue for the School Board, generating \$25,768,276 in revenue, or 24% of total revenue.
- **Ad Valorem tax revenues** – Ad valorem, or property tax revenues, the third largest source of revenues, accounts for 15% of total revenues or \$15,617,706.

Financial Analysis of Governmental Funds

As noted earlier, the City of Monroe School Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City of Monroe School Board's government funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Monroe School Board's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a School Board's net resources available for spending at the end of the fiscal year.

- As of the close of the current fiscal year, the City of Monroe School Board's governmental funds reported a combined ending fund balance of \$31,108,839 a decrease of \$2,954,214 in comparison with the prior fiscal year.

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2012

- The General Fund is the chief operating fund of the City of Monroe School Board. At the end of the current fiscal year, the fund balance of the General Fund is \$14,737,095.
- The Special Revenue Funds have a total fund balance of \$5,470,733 of which \$86,410 is nonspendable, \$3,254,346 is restricted for salaries and related benefits, \$1,371,249 is restricted for instructional costs and \$758,728 is restricted for food services.
- The Debt Service Funds have a total fund balance of \$5,786,981 all of which is restricted for the payment of debt service.
- The Capital Projects Funds have a fund balance of \$5,114,030 all of which is restricted for construction projects.

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-R.S 39:1301 et seq), the City of Monroe School Board must adopt a budget for the General Fund and all Special Revenue funds prior to September 15th. The original budget for the School Board was adopted on September 13, 2011.

The original General Fund Budget projected an ending fund balance of \$11.9 million, with the amended budget projecting to end the year with a positive balance of \$12.1 million. The actual ending balance for the General Fund came in at \$14.7 million. Expenses came in lower than projected in virtually all functional categories

Capital Assets and Debt Administration

Capital Assets: The City of Monroe School Board's investment in capital assets as of June 30, 2012, amounts to \$70,687,193 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The table below shows the value at the end of the fiscal year.

City of Monroe School Board's Capital Assets
(Net of depreciation)

	<u>2012</u>	<u>2011</u>
Land	\$ 1,669,547	\$ 1,669,547
Buildings and improvements	64,580,273	53,510,638
Furniture and equipment	4,437,373	5,106,185
Construction in progress - buildings	<u>-</u>	<u>11,222,810</u>
Total	<u>\$ 70,687,193</u>	<u>\$ 71,509,180</u>

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2012

Long-Term Debt

City of Monroe School Board Outstanding Debt
As of June 30, 2012

	<u>Balance</u> <u>June 30, 2012</u>	<u>Balance</u> <u>June 30, 2011</u>
School Refunding Bonds		
Series 2003	\$ 6,810,000	\$ 8,850,000
Series 2010	5,290,000	7,805,000
Sales Tax Bonds		
Series 2001	-	575,000
Series 2002	325,000	4,055,000
Series 2010	8,025,000	8,095,000
Series 2011	3,045,000	-
Revenue Bonds		
Series 2009	10,000,000	10,000,000
Series 2011	5,000,000	5,000,000
Certificates of Indebtedness		
Series 2008	1,054,950	1,230,775
Series 2009	<u>1,500,000</u>	<u>1,500,000</u>
Total	\$ <u>41,049,950</u>	\$ <u>47,110,775</u>

During fiscal year 2012, the School Board issued \$3,045,000 in Sales Tax Bonds Series 2011 in order to refinance \$3,415,000 of Sales Tax Bonds Series 2002.

Future Operations

The School Board established a goal of having a fund balance equal to 15% of the General Fund budget. This goal has been met and exceeded at the end of the current fiscal year. Maintaining this balance will create significant challenges as revenue from federal, state and grant funds decline. The School Board adopted a General Fund budget for 2012-2013 with an operating deficit for the current year of \$999,970. This is a planned spend down of the fund balance to perform much needed roof repairs across the district. This leaves the projected ending fund balance significantly above the 15% fund balance goal. The State of Louisiana has again failed to allocate the 2.75% increase in Minimum Foundation Funding. The October 1, 2012 student

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2012

to allocate the 2.75% increase in Minimum Foundation Funding. The October 1, 2012 student count was over 100 students less than the previous year. This will require a budget adjustment to account for the reduction in MFP dollars associated with this decline in student count. Even though the School Board has met the goal for the fund balance, commitment remains to providing a quality education, while remaining fiscally sound.

In addition to the fiscal constraints due to loss of students, the District is also faced with declining enrollment associated with charter schools. The School Board has approved a Charter School for dropouts and overage students, and, subject to corrected 501(c)3 status, an additional Charter School for middle school students. Combined, these Charters could potentially serve up to 450 students. Additionally, there is some community effort to convert Neville High School into a Charter School. If this effort is successful, this would mean the loss of an additional 950 students.

The District is threatened with a class action lawsuit involving Sales Tax payouts to employees in regards to the 13th check. A special audit report issued by a local CPA firm dated November 13, 2012 questions the classifications of employees that management of the School Board has used since the inception of the taxes. The report is not based on a court opinion, attorney general's opinion or any other legal authority. Legal counsel for the School Board disagrees with key findings cited in the report.

The increased cost of health insurance and retirement continues to be areas of concern and have negative impacts on the bottom line for the General Fund.

Contacting the School Board's Financial Management

If you have questions about this report or need additional financial information, contact Derenda Flowers, Interim Superintendent of the City of Monroe School Board, P. O. Box 4180, Monroe, LA 71211-4180, or call at (318) 325-0601.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

**City of Monroe School Board
Monroe, Louisiana**

**Statement of Net Assets
Governmental Activities**

June 30, 2012

Assets

Cash and cash equivalents	\$ 29,085,602
Investments	1,932,550
Receivables	
Ad valorem taxes	78,544
Sales and use taxes	4,358,515
Federal grants	4,266,397
State grants	110,948
Other	328,526
Bond issuance costs, net	341,906
Inventory	246,804
Other assets	776,384
Capital assets, net	70,687,193
Total assets	<u>112,213,369</u>

Liabilities

Accounts payable	373,972
Salaries and wages payable	9,606,468
Deferred revenue	94,991
Interest payable - bonds	419,462
Long-term liabilities	
Due within one year	6,667,545
Due in more than one year	67,461,971
Total liabilities	<u>84,624,409</u>

Net assets

Invested in capital assets, net of related debt	29,268,049
Restricted for	
Capital projects	5,114,029
Debt service	5,662,322
Salaries and related benefits	3,254,346
Unrestricted	(15,709,786)
Total net assets	<u>\$ 27,588,960</u>

See accompanying notes to the basic financial statements

City of Monroe School Board
Monroe, Louisiana

Statement of Activities
Governmental Activities

For the Year Ended June 30, 2012

	PROGRAM REVENUES				NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Functions/programs					
Current					
Instructional services					
Regular programs	\$ 33,403,468	\$ -	\$ 175,974	\$ -	\$ (33,227,494)
Special education programs	14,571,349	-	821,094	-	(13,750,255)
Vocational programs	2,012,748	-	91,346	-	(1,921,402)
Other instructional programs	7,579,362	9,990	1,947,335	-	(5,622,037)
Special programs	6,709,594	-	6,453,342	-	(256,252)
Adult/continuing education	302,247	-	114,610	-	(187,637)
Support services					
Pupil support services	6,387,909	-	1,723,220	-	(4,664,689)
Instructional staff support services	5,362,836	-	2,662,637	-	(2,700,199)
General administration	2,582,924	-	30,094	-	(2,552,830)
School administration	4,836,787	-	89,472	-	(4,747,315)
Business services	1,605,700	-	25,755	-	(1,579,945)
Plant services	8,999,388	-	17,932	-	(8,981,456)
Student transportation services	4,128,494	-	225,182	-	(3,903,312)
Central services	4,103,488	-	19,898	-	(4,083,590)
Noninstructional services					
Food service operations	6,546,681	179,012	4,733,797	-	(1,633,872)
Facility acquisition and construction	1,590,575	-	-	-	(1,590,575)
Debt service					
Interest on long-term obligations	1,799,791	-	-	-	(1,799,791)
Total Governmental Activities	\$ 112,523,341	\$ 189,002	\$ 19,131,688	\$ -	\$ (93,202,651)
General revenues					
Taxes					
Ad valorem taxes levied for					
General purposes					9,798,050
Debt service purposes					5,819,656
Sales taxes levied for					
General purposes					11,317,717
Salaries and related benefits					14,450,559
Grants and contributions not restricted to specific programs					
Minimum foundation program					44,731,433
State revenue sharing					296,519
Interest and investment earnings					203,570
Gain on disposals of assets					197,840
Other					672,033
Total general revenues					87,487,377
Changes in net assets					(5,715,274)
Net assets at beginning of year					33,304,234
Net assets at end of year					\$ 27,588,960

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

City of Monroe School Board
Monroe, Louisiana

**GOVERNMENTAL FUNDS
BALANCE SHEET**

June 30, 2012

	MAJOR FUNDS				AGGREGATE REMAINING FUNDS	
	GENERAL FUND	SPECIAL REVENUE		QSCB SERIES 2011 CAPITAL PROJECTS	OTHER GOVERNMENTAL	TOTAL
		TITLE I	2001			
			SALES TAX			
Assets						
Cash and cash equivalents	\$ 16,349,661	\$ -	\$ 682,024	\$ 5,021,227	\$ 7,032,690	\$ 29,085,602
Investments	583,333	-	1,349,217	-	-	1,932,550
Accounts receivable	446,606	2,274,360	2,430,372	-	3,991,592	9,142,930
Due from other funds	3,737,403	-	-	-	-	3,737,403
Inventory	168,258	-	-	-	78,546	246,804
Other assets	760,833	3,110	5,147	-	7,294	776,384
Total assets	\$ 22,046,094	\$ 2,277,470	\$ 4,466,760	\$ 5,021,227	\$ 11,110,122	\$ 44,921,673
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 227,001	\$ 31,857	\$ 62,003	\$ -	\$ 53,111	\$ 373,972
Salaries and wages payable	6,782,776	593,987	631,936	-	1,597,769	9,606,468
Due to other funds	299,222	1,649,827	152,150	-	1,636,204	3,737,403
Deferred revenue and other liabilities	-	1,799	-	-	93,192	94,991
Total liabilities	7,308,999	2,277,470	846,089	-	3,380,276	13,812,834
Fund balances						
Nonspendable						
Inventory and prepaids	929,091	-	5,147	-	81,263	1,015,501
Restricted for						
Salaries and related benefits	-	-	2,530,867	-	723,479	3,254,346
Instructional costs	-	-	-	-	286,592	286,592
Instructional and maintenance costs	-	-	1,084,657	-	-	1,084,657
Food services	-	-	-	-	758,728	758,728
Debt service	-	-	-	-	5,786,982	5,786,982
Capital projects	-	-	-	5,021,227	92,802	5,114,029
Unassigned	13,808,004	-	-	-	-	13,808,004
Total fund balances	14,737,095	-	3,620,671	5,021,227	7,729,846	31,108,839
Total liabilities and fund balances	\$ 22,046,094	\$ 2,277,470	\$ 4,466,760	\$ 5,021,227	\$ 11,110,122	\$ 44,921,673

See accompanying notes to the basic financial statements.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Reconciliation of the Governmental Funds'
Balance Sheet to Statement of Net Assets

June 30, 2012

Total fund balances - governmental funds	\$ 31,108,839
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The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in Governmental Funds. The Statement of Net Assets includes those capital assets among the assets of the School Board as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as Governmental Activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Cost of capital assets	\$ 113,936,553	
Accumulated depreciation	<u>(43,249,360)</u>	70,687,193

The costs associated with issuing bonds are reported as expenditures in the Governmental Funds. The issuance costs are not considered financial resources in the Statement of Net Assets; therefore, the costs are reported on the Statement of Net Assets as an asset net of accumulated amortization.

Bond issuance cost	695,361	
Less accumulated amortization	<u>(353,455)</u>	341,906

Elimination of interfund assets and liabilities

Interfund assets	(3,737,403)	
Interfund liabilities	<u>3,737,403</u>	-

See accompanying notes to the basic financial statements.

(Continued)

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Reconciliation of the Governmental Funds'
Balance Sheet to Statement of Net Assets (Concluded)

June 30, 2012

Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term- are reported in the Statement of Net Assets.

Balances at June 30, 2012 are

Long-term liabilities

Compensated absences payable	(1,698,489)	
General obligation bonds payable	(12,100,000)	
Sales tax bonds payable	(11,395,000)	
Revenue bonds payable	(15,000,000)	
Certificates of indebtedness	(2,554,950)	
Other post employment benefits	(31,568,383)	
Deferred amount on refunding	1,045,515	
Capital lease	(369,195)	
Bond premium	<u>(489,014)</u>	(74,129,516)

Interest on outstanding bonds in the Governmental Funds is recorded as an expenditure when paid. Bond interest in the Statement of Net Assets is recognized as an expense as it accrues.

Accrued interest on outstanding bonds	<u>(419,462)</u>
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Net Assets	\$ <u>27,588,960</u>
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See accompanying notes to the basic financial statements.

City of Monroe School Board
Monroe, Louisiana

**GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES**

For the Year Ended June 30, 2012

	MAJOR FUNDS				QSCB SERIES 2011 CAPITAL PROJECTS	AGGREGATE REMAINING FUNDS	
	GENERAL FUND	SPECIAL REVENUE		OTHER GOVERNMENTAL		TOTAL	
		TITLE I	2001 SALES TAX				
REVENUES							
Local sources							
Ad valorem taxes	\$ 9,798,050	\$ -	\$ -	\$ -	\$ 5,819,656	\$ 15,617,706	
Sales and use taxes	-	-	14,348,936	-	11,419,340	25,768,276	
Earnings on investments	54,719	-	85,782	41,552	21,517	203,570	
Cash payments for meals	-	-	-	-	179,012	179,012	
Other local revenue	594,149	-	-	-	64,554	658,703	
State sources							
State equalization	44,431,433	-	-	-	300,000	44,731,433	
Revenue sharing	296,519	-	-	-	-	296,519	
Other restricted revenue	142,845	-	52,781	-	368,718	564,344	
Federal sources							
Federal restricted grants-in-aid	9,003	7,716,082	-	-	10,826,602	18,571,687	
Total revenues	\$5,326,718	7,716,082	14,487,499	41,552	28,999,399	104,591,250	
EXPENDITURES							
Current							
Instructional services							
Regular programs	21,873,890	9,346	3,646,450	-	4,979,725	30,509,420	
Special education programs	9,285,750	-	1,663,551	-	2,528,940	13,478,241	
Vocational programs	1,401,740	-	124,859	-	325,161	1,851,760	
Other instructional programs	3,677,692	455,503	666,530	-	2,203,525	7,003,250	
Special programs	592,067	4,054,534	50,024	-	1,453,472	6,150,097	
Adult/Continuing education programs	129,368	-	12,209	-	137,499	279,016	
Support services							
Pupil support services	3,107,255	663,575	391,069	-	1,746,097	5,907,996	
Instructional staff support	1,800,170	1,712,364	153,676	-	1,277,572	4,943,782	
General administration	1,683,959	-	378,197	21,563	304,292	2,388,011	
School administration	3,231,949	45,443	355,236	-	842,398	4,475,026	
Business services	1,112,031	21,123	151,424	200	178,448	1,463,226	
Plant services	3,528,035	16,881	1,997,075	-	642,812	8,186,003	
Student transportation services	2,847,293	87,124	340,839	-	342,444	3,617,700	
Central services	1,367,691	-	1,514,918	-	476,077	3,358,686	
Noninstructional services							
Food service operations	192,942	-	385,409	-	5,400,155	5,978,506	
Debt service							
Principal	175,825	-	346,056	-	5,515,000	6,036,881	
Interest	660	-	71,250	-	937,364	1,029,214	
Capital outlay	215,815	-	609,968	-	1,621,407	2,447,230	
Total expenditures	\$8,224,652	7,065,893	12,859,349	21,763	30,932,318	109,104,046	
Excess (deficiency) of revenues over expenditures							
	(2,897,934)	670,189	1,628,150	19,789	(1,932,919)	(2,512,795)	
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of assets	197,839	-	-	-	-	197,839	
Proceeds from issuance of debt	-	-	-	-	1,045,000	3,045,000	
Insurance proceeds	18,977	-	-	-	-	18,977	
Transfers in	1,157,130	817	-	-	1,894,650	3,052,597	
Payments to bond escrow	-	-	-	-	(3,703,215)	(3,703,235)	
Transfers out	(35,826)	(671,006)	(1,796,640)	-	(949,125)	(3,052,597)	
Total other financing sources (uses)	1,338,120	(670,189)	(1,796,640)	-	687,290	(441,419)	
Net change in fund balances							
	(1,559,814)	-	(168,490)	19,789	(1,245,699)	(2,954,214)	
Fund balances at beginning of year							
	16,296,909	-	3,789,161	5,001,438	8,975,545	34,063,053	
Fund balances at end of year							
\$	14,737,095	\$ -	\$ 3,620,671	\$ 5,021,227	\$ 7,729,846	\$ 31,108,839	

See accompanying notes to the basic financial statements.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Reconciliation of the Governmental Funds'
Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities

For the Year Ended June 30, 2012

Total net change in fund balances - Governmental Funds	\$	(2,954,214)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Elimination of operating transfers in and out:

Transfers in	\$	(3,052,597)	
Transfers out		<u>3,052,597</u>	-

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceed capital outlays in the period:

Capital Outlays		1,548,713	
Depreciation		<u>(2,873,961)</u>	(1,325,248)

Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	6,036,881
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Proceeds from issuance of debt is a financing source in the Governmental Funds, but is an increase in liabilities in the Statement of Net Assets.	(3,045,000)
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The costs associated with issuing bonds are reported as expenditures in the Governmental Funds. The issuance costs do not require the use of current financial resources; therefore, the costs are amortized over the life of the bond issue in the Statement of Activities.

Bond issuance cost	\$	94,630	
Amortization of bond issuance cost		<u>(82,123)</u>	12,507

In the Statement of Activities, certain operating expenses - compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time used (\$1,035,541) exceeded the amounts earned (\$934,724).	100,817
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See accompanying notes to the basic financial statements.

(Continued)

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Reconciliation of the Governmental Funds'
Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities (Concluded)

For the Year Ended June 30, 2012

The deferred amount on refunding of bonded debt is shown as a reduction of long-term debt, however, the amount is amortized over the lesser of the life of the original bonds or the life of the refunding bonds.

Current year deferrals	166,625	
Current year amortization	<u>(241,035)</u>	(74,410)

Payments to an escrow agent to refund bonded debt are reported in the Governmental Funds as Other Financing Sources. The amount paid to the escrow agent for principal is removed from the long-term bonded debt in the Statement of Net Assets.

3,703,235

Other post employment benefits are reported in the Governmental funds as expenditures when paid. The unfunded annual contribution is reported in the Statements of Activities as it accrues.

(8,176,419)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because accrued interest received from bond sales is recognized as Other Financing Sources when received and interest on outstanding bonds is recognized as an expenditure in the governmental funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expenses are recognized as the interest accrues, regardless of when it is due.

Interest expense payable as of June 30, 2012	(419,462)	
Interest expense payable as of June 30, 2011	<u>374,541</u>	(44,921)

Bond premium from bond sales is reported in the Governmental Funds as Other Financing Sources when received. Bond premium is reported in the Government-wide Financial Statements as a liability and amortized over the life of the bonds.

Current year premium deferral	(73,162)	
Current year bond premium amortization	<u>124,660</u>	51,498

Change in net assets of governmental activities **\$ (5,715,274)**

See accompanying notes to the basic financial statements.

**City of Monroe School Board
Monroe, Louisiana**

**Statement of Assets and Liabilities
Fiduciary Fund Type - Agency Funds
School Activity Funds**

June 30, 2012

Assets

Cash and cash equivalents	\$ <u>688,445</u>
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Liabilities

Amounts held for other organizations	\$ <u>688,445</u>
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See accompanying notes to the basic financial statements.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

Note 1 - Summary of Significant Accounting Policies

ORGANIZATION

The City of Monroe School Board (the School Board) is governed by a seven-member board, each of whom is elected from a single member district. It operates under the authority of the City of Monroe Charter of 1900, as amended by the Mayor-Council Home Rule Charter for the City of Monroe, adopted in August 1979. The School Board is authorized to establish and operate public schools within the City of Monroe.

The School Board is composed of a central office, 19 schools and 2 support facilities. The School Board serves approximately 8,800 students and employs approximately 1,480 persons, of which over 840 are directly involved in the instructional process. The remainder provides ancillary support such as general administration, repair and maintenance, bus transportation and food service. The regular school term normally begins during the latter half of August and runs until the end of May.

A. Financial Reporting Entity

The School Board is the basic level of government which has oversight responsibility and control over all activities related to public school education in the City of Monroe. The School Board receives funding from Federal, state and local sources and must comply with the requirements of those funding source entities. However, the School Board is not included in any other governmental reporting entity as defined by Governmental Accounting Standards Board (GASB) Statement No. 14 *The Reporting Entity*, since the members of the School Board are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. Therefore, the School Board is a separate governmental reporting entity. For financial reporting purposes, the School Board's financial statements include all funds, school, agencies and committees for which the School Board is financially accountable. The School Board is not aware of any other entities that should be included within the financial statements.

Certain units of local government, such as other independently elected officials, the parish police jury and municipalities, are excluded from the accompanying financial statements. These units have their own elected governing authorities and are not financially accountable to the School Board.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

B. Fund Accounting

The financial transactions of the School Board are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that includes its assets, liabilities, fund equity, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The School Board uses the following fund categories and fund types:

Governmental Funds

Governmental funds account for the School Board's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt.

Governmental funds are divided into major and nonmajor funds. Major funds are funds that meet certain dollar tests of their assets, liabilities, revenues and expenditures. Major funds are larger, more significant funds. Nonmajor funds are the governmental funds that do not meet the dollar tests for major funds. The major and nonmajor funds are described below.

Major Funds:

General Fund - The General Fund is the general operating fund of the School Board. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund is always a major fund.

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are major funds:

Title I of the Elementary and Secondary Education Act (ESEA) is a federally financed program which provides for the needs of children who are at risk of not meeting challenging academic standards and who reside in areas of high concentrations of children from low-income families.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

2001 Sales Tax Fund accounts for the collection and distribution of the sales tax levies to provide additional support to the school system to include funding of capital improvements and employee salaries.

Capital Projects Funds – Capital Projects Funds account for financial resources used for the acquisition or construction of major capital facilities and improvements. The following Capital Projects Fund is a major fund:

The QSCB Series 2011 Fund accounts for the proceeds from the issuance of \$5,000,000 of Revenue Bonds for the purpose of construction, rehabilitation or repair of public school facilities and equipping of school facilities.

Nonmajor Funds:

The School Board has 8 nonmajor Special Revenue Funds, 3 nonmajor Debt Service Funds and 4 nonmajor Capital Projects Funds. For a description of these funds, see the Nonmajor Funds section of this report.

Fiduciary Funds

Agency Funds – The Agency Funds account for assets held by the School Board in a trustee capacity or as an agent for individuals, private or school organizations, other governmental units and/or other funds. The School Activity Fund accounts for all individual school activity funds. While these funds are under the supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.

C. Basis of Accounting / Measurement Focus

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

exchange transactions are recognized when the School Board has an enforceable legal claim to the revenues, expenses, gains, losses, assets and liabilities.

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the School Board's taxpayers or citizenry as a whole; program revenues reduce the cost of the function to be financed from the School Board's general revenues.

General Revenues

General revenues included in the Statement of Activities derive directly from local property and sales taxes and from unrestricted state grants. General revenues finance the remaining balance of a function not covered by program revenues.

Allocation of indirect expenses

The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses (long-term debt interest) of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function.

Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds reported in the fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental funds reported in the fund financial statements are accounted for on the modified accrual basis of accounting. Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual – that is when they become both measurable and available to pay current period liabilities. Such revenue items are ad valorem, sales and use taxes and federal and

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

state entitlements. Ad valorem taxes are considered measurable in the calendar year of the tax levy. Ad valorem taxes are considered available because they are substantially collected within 60 days subsequent to year end. Sales taxes are considered measurable and available when collected by the vendors. Revenue from state and Federal grants are recorded when the reimbursable expenditure have been incurred.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Funds for payments to be made early in the following year.

D. Cash and Cash Equivalents

Cash and cash equivalents include amounts in interest-bearing demand deposits as well as short-term investments with a maturity date within three months of the date acquired. Short-term investments are stated at cost, which approximates fair value.

Interest earned on balances maintained in the pooled bank account was distributed to the individual funds based on the cash balance maintained by the unrestricted participating fund during the year.

The School Board maintains separate "book" cash accounts for each fund that is pooled within the master bank account. Negative book cash balances appear in the financial statements as a liability, "Due to Other Funds." The balance of these amounts will be paid primarily through collections of grants receivable reimbursements from the Federal and State Departments of Education.

E. Investments

Investments, consisting of certificates of deposit, are stated at market value in accordance with the provisions of GASB Statement No. 31.

F. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the fund financial statements balance sheet.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

G. Elimination and Reclassifications

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

H. Bond Issuance Costs/Bond Premiums

Costs associated with issuing bonds (bond rating fees, attorney fees, printing, etc.) are capitalized and amortized over the life of the bond issue in the government-wide financial statements. The bond issuance costs are reported as expenditures in the fund financial statements. Bond premium from bond sales is reported in the governmental funds as Other Financing Sources when received. Bond premium is reported in the Government-wide Financial Statements as a liability and amortized over the life of the bonds.

I. Inventory

Inventory of the School Food Service Fund consists of food and supplies. Inventory is recorded as an expenditure as it is consumed. Inventory is valued at cost on the first-in, first-out (FIFO) method. Commodities provided to the School Board by the United States Department of Agriculture (USDA) through the State Department of Education are reflected as revenue when received and as an expenditure when consumed. Commodities are valued at amounts assigned by the USDA.

J. Capital Assets

Capital Assets, which include land, buildings, and equipment, are reported as governmental funds in the governmental-wide financial statements. The School Board considers assets with an initial individual cost of \$5,000 or more and an estimated life of one year or more as a capital asset.

Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

because management feels that the salvage value is immaterial. Straight-line depreciation is used based on the following useful lives:

Buildings	40 years
Furniture and equipment	3-15 years

K. Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the Government-Wide Financial Statements.

L. Fund Balance

Nonspendable fund balance represents resources that cannot be physically used to settle obligations of the school system, such as food inventory.

Restricted fund balances represent resources restricted by tax ordinances or by local, state or Federal grant regulations for future use and are, therefore, not available for future appropriation or expenditure.

Committed fund balances indicate the School Board's tentative plans for the use of financial resources in a future period. Fund balance commitments are made by Board approved resolutions.

Assigned fund balances are those determined by the Superintendent and Business Manager, under authority given under a resolution of the Board, as needed for the payment of future commitment.

The School Board had no committed or assigned fund balances at June 30, 2012.

M. Compensated Absences

All employees receive ten sick days each year, with any unused portion being carried forward. Upon retirement, employees with twenty years of service or more are paid for up to 25 days of accumulated sick leave. Only employees who work 12

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

calendar months per year earn vacation days. The School Board's policy regarding payment of accumulated vacation days is to allow for a maximum accumulation and payment of no more than 30 days with persons credited with days in excess of 30 as of the effective date (July 1, 1994) being grandfathered in at their then-current accumulation.

N. Long-Term Liabilities

Bond premiums and discounts, as well as issuance costs, are recognized in the fund financial statements in the period the bonds are issued. Bond proceeds are reported as an Other Financing Source. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

O. Restricted Net Assets

For the Government-Wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

In the Statement of Net Assets, the following items are considered restricted:

Capital projects are restricted because the proceeds from issuance of bonded debt are dedicated to acquiring and improving school property.

Debt service is considered restricted because an ad valorem tax has been levied specifically to meet the principal and interest payments of various bond issues.

Salaries and related benefits are considered restricted as it represents undistributed salaries and related benefits from sales taxes restricted exclusively for this purpose.

P. Sales and Use Taxes

The voters of Ouachita Parish authorized the City of Monroe School Board and the Ouachita Parish School Board to jointly levy and collect a 0.5% sales and use tax. The net proceeds of the tax are to be allocated and prorated between the two school

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

boards annually on the basis of average daily membership for the preceding school year. Eighty-eight percent of the sales and use tax revenues received by the School Board are to be used for the payment of the salaries of teachers, as defined by the Louisiana State Department of Education. The remaining twelve percent is to be used for the payment of salaries to designated personnel other than teachers.

In March 1994, the voters of the City of Monroe approved the levy of a 0.5% sales and use tax. The net proceeds of the tax are to supplement salaries and benefits of certified teachers and other personnel and to provide additional funds for instructional activities. This sales tax went into effect in July 1994.

In July 2001, the citizens of the City of Monroe approved a 1% sales tax for additional support of the School Board. This sales tax went into effect in October 2001.

Q. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2 - Cash and Cash Equivalents and Investments

Custodial credit risk - deposits. The School Board's cash and cash equivalents and investments consist of deposits with financial institutions. State statutes govern the School Board's investment policy. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations and repurchase agreements. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates the local government investment pool. Collateral is required for demand deposits, certificates of deposit, savings certificates of savings and loan associations and repurchase agreements at 100% of all amounts not covered by deposit insurance. Obligations that may be pledged as collateral are obligations of the United States government and its agencies and obligations of the state and its subdivisions. Per Louisiana State law, collateral is not required for funds invested in LAMP.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

The following is a schedule of the School Board's cash and cash equivalents at June 30, 2012. Differences between School Board balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

	School Board Balance	Bank Balance
Cash on Deposit	\$ 18,659,967	\$ 20,937,805
Petty Cash	1,100	-
Cash Equivalents:		
LAMP Investments	<u>10,424,535</u>	<u>10,424,535</u>
TOTAL	<u>\$ 29,085,602</u>	<u>\$ 31,362,340</u>

The School Board's deposits are collateralized as follows:

Federal Deposit Insurance	\$ 1,000,000
Pledged Securities:	
Collateralized	<u>34,461,423</u>
Total	<u>\$ 35,461,423</u>

The School Board's investments at June 30, 2012, consist of a certificate of deposit with a carrying and market value of \$250,000. It is held by the School Board's agent in the School Board's name and is collateralized. Also \$1,682,550 is being held in trust by the paying agent for the repayment of the School Board's Series 2009 and Series 2011 Qualified School Construction Bonds.

Credit risk. The School Board's investments consist of the certificate of deposit mentioned above and State and Local Government Series (SLGS) securities held by the paying agent thus limiting the School Board's credit risk at June 30, 2012.

Concentration of credit risk. The School Board does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not place limits on credit concentration.

Interest rate risk. The School Board manages its exposure to declines in fair values by limiting the maturity of its investments to no longer than one year.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

Note 3 - Ad Valorem Taxes

The Sheriff of Ouachita Parish, as provided by State law, bills and collects property taxes on behalf of the School Board using the assessed values determined by the tax assessor of Ouachita Parish. For the year ended June 30, 2012, taxes of 44.64 mills were levied on property with assessed valuations totaling \$341,110,740 and were dedicated as follows:

School Operations, Maintenance, Aid and Support	27.64 mills
Series 1994 & Series 1995 Bonds Debt Service	17.00 mills
	<u>44.64 mills</u>

The School Board's portion of the total taxes originally levied was \$17,304,160 of which \$15,227,192 was assessed on property owners and \$2,076,968 was assessed under Homestead Exemption. The School Board collected \$15,617,706 through June 30, 2012, of which a nominal amount was for prior year(s) levies. Approximately 85% of the homestead exemption is not appropriated by the State of Louisiana and therefore is not collected.

Property Tax Calendar

Millage Rates Adopted	September 15, 2011
Levy Date	November 30, 2011
Tax Bills Mailed	November 30, 2011
Total Taxes Are Due	December 31, 2011
Lien Date	January 1, 2012

Assessed values are established by the Ouachita Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value.

10% Land	15% Machinery
10% Residential Improvements	15% Commercial Improvements
15% Industrial Improvements	25% Public Service Properties, Excluding Land

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

Note 4 - Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2012, is as follows:

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,669,547	\$ -	\$ -	\$ 1,669,547
Construction-in-progress	11,222,810	1,697,705	12,920,515	-
Total capital assets not being depreciated	12,892,357	1,697,705	12,920,515	1,669,547
Capital Assets being depreciated				
Buildings & improvements	75,518,012	12,938,518	27,759	88,428,771
Furniture and equipment	23,496,394	576,776	234,935	23,838,235
Total capital assets being depreciated	99,014,406	13,515,294	262,694	112,267,006
Less accumulated depreciation				
Buildings and improvements	22,007,374	1,862,348	21,224	23,848,498
Furniture and equipment	18,390,209	1,011,613	960	19,400,862
Total accumulated depreciation	40,397,583	2,873,961	22,184	43,249,360
Total capital assets being depreciated, net	58,616,823	10,641,333	240,510	69,017,646
Governmental Activities Capital Assets, net	\$ 71,509,180	\$ 12,339,038	\$ 13,161,025	\$ 70,687,193

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

Depreciation expense was charged to governmental activities as follows:

Instructional services:	
Regular programs	\$ 427,669
Special education programs	3,528
Vocational programs	11,292
Other instructional programs	9,970
Special programs	62,324
Adult/Continuing education	676
Support services:	
Pupil support services	2,311
Instructional staff support services	19,400
General Administration	1,773
Business services	24,187
Plant services	151,629
Student transportation services	218,339
Central services	448,684
Food service operations	84,873
Facility acquisition and construction	1,407,306
Total depreciation expense	<u>\$ 2,873,961</u>

Note 5 - Significant Concentrations of Risk

Amounts due from governmental agencies represent substantially all of receivables from outside sources. The School Board derives a majority of its revenue from grants by governmental agencies and is, therefore, economically dependent upon these grants.

Note 6 - Pension and Retirement Plans

State-sponsored Plans:

Substantially all employees of the School Board are members of two statewide retirement systems which are multiple-employer, cost-sharing public employee retirement systems. In general, professional employees such as teachers, principals and lunchroom workers are members of the Teachers' Retirement System of Louisiana (TRSL); other employees, such as custodial personnel and bus operators, are members of the Louisiana School Employees' Retirement System (LSERS). Generally, all full-time employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

Teachers' Retirement System of Louisiana (TRSL)

Under the TRSL Regular Plan, there are two retirement formulas: the 2% formula and the 2.5% formula. Participants may retire under the 2% formula at age 60 with at least 10 years of service credit or at any age with 20 years of service credit. Under the 2.5% formula, participants may retire at age 65 with 20 years of service credit; at age 55 with 25 years of service credit; or at any age with 30 years of service credit. The retirement benefit formula is based on the average salary of the 36 highest consecutive months times the applicable retirement percentage formula.

Under the TRSL-Plan A, normal retirement is generally at any age with 30 or more years credited service, and at the age of 55 with at least 25 years of credited service and at age 60 with at least 10 years of credited service. The retirement benefit formula is generally 3% times the average salary of the 36 highest successive months.

Funding Policy: As provided by statute, the School Board's employer contributions to the TRSL are funded by the State of Louisiana through expenditures by the School Board of state Minimum Foundation Program (MFP) funds and local ad valorem and sales taxes. State statutes also require covered employees to contribute a percentage of their salaries to the system. As further provided by statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the system's prior fiscal year. The School Board's contribution rates were 23.7%, 20.20%, and 15.5% for the years ended June 30, 2012, 2011 and 2010 respectively. The School Board's contributions to the TRSL plans for the years ended June 30, 2012, 2011 and 2010 were \$11,636,748, \$10,601,508, and \$7,713,773 respectively, equal to the statutorily required contributions in each year.

The TRSL issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Teachers' Retirement System, P.O. Box 94123, Baton Rouge, Louisiana 70804-9123 or by calling (225) 925-6446.

Louisiana School Employees' Retirement System (LSERS)

Employees participating in the LSERS are eligible for normal retirement after 30 years of service at any age, 25 years of service at age 55, or 10 years of service at age 60. The maximum retirement allowance is computed at 3.3% times the highest 36 months of average salary, times the years of service plus a supplement of \$2.00 per month times the years of service.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

Funding Policy: As provided by statute, the School Board's employer contributions to the LSERS are funded by the State of Louisiana through expenditures by the School Board of state MFP funds and local ad valorem and sales taxes. State statutes also require covered employees to contribute a percentage of their salaries to the system. As further provided by statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the system's prior fiscal year. The School Board's contribution rate of annual covered payroll were 28.6%, 24.3%, and 17.6% for the years ended June 30, 2012, 2011 and 2010 respectively. The School Board's contributions to the LSERS plans for the years ended June 30, 2012, 2011 and 2010 were \$1,193,851, \$1,057,892, and \$723,949 respectively, equal to the statutorily required contributions in each year.

The LSERS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Louisiana School Employees' Retirement System, P.O. Box 44516, Capitol Station, Baton Rouge, LA 70804 or by calling (225) 925-6484.

School Board-Sponsored Plan:

The School Board has adopted for its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all School Board employees, permits them to defer a portion of their salaries until future years. The School Board does not make any contributions to the plan. The deferred compensation is not available to employees until termination, retirement or unforeseen emergency. The deferred compensation is available to employee's beneficiaries in case of death.

Under the terms of a plan established in accordance with the terms of the amended IRC Section 457, all compensation deferred under the plan, all property and rights acquired with those amounts and all income attributable to those amounts and rights are solely the property and rights of the participants and their beneficiaries. As required by the amended IRC Section 457, the School Board has established custodial accounts with an unrelated third party administrator who holds in trust the assets and income of the plan. The trustee holds assets with a fair market value of \$735,277 at June 30, 2012.

Note 7 - Other Postemployment Benefits

As permitted by Louisiana Revised Statute 17:1223, the School Board provides certain continuing health care and life insurance benefits for certain retired employees through the State group insurance plan, an agent multiple employer defined benefit plan. These

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

benefits if they reach normal retirement age, as defined under the applicable retirement system (see Note 6), while working for the School Board. Currently the City of Monroe School Board's post employment benefits plan provides employees with a choice of participation in one of three medical insurance plans, each with varying benefits: preferred provider organization (PPO), exclusive provider organization (EPO), or health maintenance organization (HMO). LSA-R.S. 42:801 – 859 assigns the authority to establish benefit plans and premium rates and negotiate contracts to the Office of Group Benefits under the direction of the Commissioner of Administration. The Office of Group Benefits' financial report is included in the Louisiana Comprehensive Annual Financial Report (CAFR) which may be obtained from Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap; by writing to P.O. Box 94095, Baton Rouge, Louisiana 70804-9095; or by calling (225)342-0708.

The School Board recognizes the cost of providing these benefits (the School Board's portion of premiums) as an expenditure in the Governmental Funds when the monthly premiums are due. The cost of retiree benefits totaled approximately \$3,309,000 during fiscal 2012; approximately 541 retirees receive benefits under this plan.

In the Government-wide Financial Statements in accordance with GASB 45 starting with the 2009 fiscal year, the cost of health care and life insurance benefits for active employees is expensed when earned. The liability for health care and life insurance for active and retired employees previously earned benefits has been calculated and will be amortized over 30 years. The normal costs and the accrued liability for previously earned benefits are based on the following data and assumptions:

Mortality Rate

The mortality rate was determined by using the RP-2000 System Table (sex distinct) with floating AA projections.

Investment Return Assumption (Discount Rate) and Inflation Rate

While GASB 45 allocates the costs of a postretirement benefit plan over the years of active employment (when the promise of future benefits is potentially motivating an employee), it does not require the funding of such benefits. There are two key points that need to be noted in this regard. First, the choice of the discount rate used in measuring the liabilities of the benefits is tied to the funding vehicle or lack thereof. GASB 45 requires the use of a discount rate for an unfunded plan equal to what the sponsor earns on its general assets. Since a lower discount rate leads to higher liabilities, a funded plan will have lower liabilities than an unfunded plan with identical provisions

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

and membership. Since it is anticipated that the annual required contribution will not be funded, a 4% annual investment return is assumed in the actuarial evaluation which represents a reasonable estimate of short-term pooled funds.

Amortization Method and Period

The level dollar closed amortization method has been used. An amortization period of 30 years has been used for the medical benefits and for the life insurance benefits. The valuation used the closed group method, under which future entrants are not considered.

Healthcare Cost Trend Rate

In the absence of readily available cost trend data from the Office of Group Benefits, the expected rate of increase in healthcare insurance premiums is based on an understanding of the plan and *Milliman's Health Cost Guidelines*. The assumed annual per capita cost of medical and pharmacy benefits for select ages are illustrated below. These are gross amounts prior to reduction for any retiree contributions.

PPO

	Retiree Only	Retiree & Spouse
Pre-65	\$ 11,398	\$ 17,504
Post-65	\$ 3,211	\$ 5,772

EPO

	Retiree Only	Retiree & Spouse
Pre-65	\$ 11,398	\$ 17,504
Post-65	\$ 3,211	\$ 5,772

HMO

	Retiree Only	Retiree & Spouse
Pre-65	\$ 10,807	\$ 16,606
Post-65	\$ 3,096	\$ 5,550

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

Medical Inflation (Trend Assumption)

The trend assumptions for medical and pharmacy costs and retiree premiums are summarized below:

<u>Year</u>	<u>Trend</u>
2012	6.30%
2013-2015	6.10%
2016-2020	6.00%
2021-2025	5.90%
2026-2032	5.80%
2033-2034	5.70%
2035	5.60%
2036-2037	5.50%
2038-2039	5.40%
2040-2042	5.30%
2043-2047	5.20%
2048-2053	5.10%
2054-2062	5.00%
2063-2076	4.90%
2077	4.80%
2078	4.60%
2079-2085	4.50%
2086 and ongoing	4.40%

Life Insurance

- Life insurance amount for active employees – \$77,000
- Life insurance benefits reduces to 75% of face value at age 65 and 50% of face value at age 70.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

Withdrawal Rates

The following service related sample withdrawal rates are shown below:

<u>Age</u>	<u>Males</u>	<u>Females</u>
25	7.0%	7.0%
30	8.0%	8.0%
35	6.0%	6.0%
40	3.0%	3.0%
45	2.0%	2.0%
50	2.0%	2.0%

The rate of withdrawal is multiplied by 1.25 for the year first of employment.

Disability Rates

The following service related sample disability rates are shown below:

<u>Age</u>	<u>Male</u>	<u>Female</u>
25	0.01%	0.01%
30	0.03%	0.03%
35	0.06%	0.06%
40	0.10%	0.10%
45	0.18%	0.18%
50	0.24%	0.24%
55	0.47%	0.47%

Retirement Rate

It is assumed that entitlement to benefits will commence at the expected retirement date (that is, the date at which the eligible employee will actually retire) under the pension plan which covers employees. It is assumed that this retirement date is *three years later* than the earliest date at which the employee is eligible for regular retirement benefits. That "regular retirement" date is defined as the earliest of the following:

- 30 years of service credit at any age; or
- 25 years of service credit at age 55; or
- 5 years of service credit at age 60
- 20 years of service at any age – early retirement

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

The assumed percent of employees reaching retirement are as follows:

Retirement Rates

<u>Age</u>	<u>Male</u>	<u>Female</u>
38	5.00%	5.00%
39	6.00%	6.00%
40	4.00%	4.00%
45	3.00%	3.00%
50	3.00%	3.00%
55	10.30%	10.30%
60	27.70%	27.70%
65	33.00%	33.00%
70	38.30%	38.30%
71	38.50%	38.50%
72	100.00%	100.00%

Actuarial Methods and Assumptions

The amount of the current employer portion of the healthcare premiums for retiree coverage has been used as the basis for calculating the actuarial present value of benefits to be paid; the Office of Group Benefits' "*Official Schedule of Rates*" effective July 1, 2007 has been used for this purpose. It has been assumed 90 % of employees who elect coverage while in active employment and who are eligible for retiree medical benefits will continue the same medical coverage in retirement. It is assumed that 40% of members electing coverage will also elect coverage for a spouse. Females are assumed to be three years younger than males.

Actuarial Cost Method

The actuarial cost method determines, in a systematic way, the incidence of plan sponsor contributions required to provide plan benefits. It also determines how actuarial gains and losses are recognized in OPEB costs. These gains and losses result from the difference between the actual experience under the plan and what was anticipated by the actuarial assumptions.

The cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

Since actual experience may differ somewhat from the long term assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

Actuarial liabilities and comparative costs were computed using the unit credit actuarial cost method, which consists of the following cost components:

1. The normal cost is the actuarial present value of benefits allocated to the evaluation year.
2. The actuarial accrued liability is the actuarial present value of benefits accrued as of the valuation date.
3. Valuation assets are equal to the market value of assets as of the valuation date, if any.
4. Unfunded actuarial accrued liability is the difference between the actuarial accrued liability and the valuation assets. It is amortized over the maximum permissible period under GASB 45 of 30 years.

It should be noted that GASB 45 allows a variety of cost methods to be used. This method was selected because it is generally easy to understand and is widely used for the valuation of post employment benefits other than pensions.

Actuarial Value of Plan Assets

Actuarial value of assets is the value of cash, investments, and other property belonging to the plan, as used by the actuary for the purpose of an actuarial valuation. Since this is the first actuarial valuation, there are not any assets to be actuarially valued; however, it is anticipated that future valuations of actuarial assets will be based on Actuarial Standards Board Actuarial Standard of Practice Number 6, *Measuring Retiree Group Benefit Obligations*, which is applicable to post employment benefits plans and generally requires valuing dedicated plan assets using a method that takes into account market value.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) healthcare cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actuarial results are compared to past expectations and new estimates are made about the future.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plans (the plans as understood by the City of Monroe School Board Fund and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Monroe School Board and its plans members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effect of legal or contractual funding limitation on the pattern of cost sharing between the City of Monroe School Board and plan members in the future. Consistent with the long-term perspective of actuarial calculation, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The following table shows the City of Monroe School Board's annual post employment benefits cost, percentage of that cost contributed and the net unfunded post employment benefits liability:

Fiscal Year Ended	Annual Post Employment Benefits Cost	Percentage of Annual Cost Contributed	Net Unfunded Post Employment Benefits Liability
6/30/10	\$10,555,929	29.5%	\$14,605,031
6/30/11	\$12,038,433	27.0%	\$23,391,964
6/30/12	\$11,862,582	31.1%	\$31,568,383

Funded Status and Funding Progress

In the 2008-09 fiscal year the City of Monroe School Board started recording post-employment benefits in its financial statements. The School Board has not made any contribution to a post employment benefits plan trust. Therefore, the plan has no assets, and hence has a funded ratio of zero. As of June 30, 2012, the actuarial accrued liability was \$105,817,901, which is defined as that portion, as determined by a particular actuarial cost method (the City of Monroe School Board used the Unit Credit Cost method), of an actuarial present value of a post employment plan benefits and expenses which is not provided by normal cost (i.e. the cost of the actuarial present value of post employment benefits for active employees from their hire date through June 30, 2012, and for retired employees from their hire date through their date of retirement).

Since the plan was not funded in 2012, the entire actuarial accrued liability of \$105,817,901 was unfunded. The annual payroll of active employees covered by the plan, or "covered payroll," amounted to \$41,010,519 in 2012; the ratio of the unfunded actuarial

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

accrued liability to the covered payroll was approximately 258%. (Salaries are not used to determine either medical or life post employment benefits).

Annual Post Employment Benefits Cost and Net Post Employment Benefits Liability

The table below shows the City of Monroe School Board's annual post employment benefits for the year ended June 30, 2012, and changes in the unfunded post employment benefits liability:

Normal Cost	\$ 5,980,281
30-year actuarial accrued liability amortization of medical and life insurance	<u>6,350,442</u>
Annual required contribution (ARC)	12,330,723
Interest on prior year net post employment benefits liability	935,679
Adjustments to the annual required contribution	<u>(1,403,820)</u>
OPEB Cost - June 30, 2012	11,862,582
Current year retiree premium	<u>(3,686,163)</u>
Increase in Net OPEB Obligation	8,176,419
Beginning Net OPEB Obligation - July 1, 2011	<u>23,391,964</u>
Ending Net OPEB Obligation - June 30, 2012	\$ <u><u>31,568,383</u></u>

Required Contribution Rates

As determined by the Office of Group Benefits and approved by the Louisiana Legislature, the employer paid 75% of the premium cost for post employment benefits for retired employees and their families, and the retirees paid 25% of the premium cost; monthly premium cost for retired employees ranged from approximately \$86 for a single retiree with Medicare in the HMO plan to approximately \$479 for a retiree and spouse without Medicare in the EPO plan. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits.

The City of Monroe School Board's annual medical and life post employment benefits cost (expense) is calculated based on the annual required contribution of the employer, and amount actuarially determined in accordance with the parameters of GASB Statement

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

Number 45. The City of Monroe School Board's annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize the unfunded actuarial liability (or funding excess) over a period of thirty (30) years for health and life insurance. The total annual required contribution for the year ended June 30, 2012, is \$12,330,723, none of which the School Board opted to fund in 2012. Since the plan was not funded in fiscal year 2012, the entire actuarial accrued liability of \$105,817,901 is unfunded.

Funding Policy

Currently, there are no requirements for employers to contribute to their post employment benefits plans. In 2008-09, the City of Monroe School Board started recognizing the cost of providing these benefits (the City of Monroe School Board's portion of premiums) as an expense when the benefits premiums were due and thus financed the cost of post employment benefits on a pay-as-you-go basis. The School Board implemented Governmental Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by employers for Post employment Benefits Other than Pension (GASB Statement 45), prospectively in 2007-08 and at that time began to record its portion of premiums as an expense during the period of active service by the employee (normal cost). In 2012, the City of Monroe School Board's portion of health care and life insurance benefit premium, for both active and retired employees totaled approximately \$11,755,000. The School Board at this time does not plan to fund the post employment liability other than the monthly health and life insurance premiums as they become due.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

Note 8 - Long-Term Obligations

The following is a summary of changes in Long-Term Obligations for the year ended June 30, 2012:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012
General obligation bonds	\$ 16,655,000	\$ -	\$ 4,555,000	\$ 12,100,000
Less deferred amount of refunding	(1,119,925)	(166,625)	(241,035)	(1,045,515)
Unamortized bond premium	540,512	73,162	124,660	489,014
Sales tax bonds	12,725,000	3,045,000	4,375,000	11,395,000
Revenue bonds	15,000,000	-	-	15,000,000
Certificates of indebtedness	2,730,775	-	175,825	2,554,950
Other post employment benefits	23,391,964	8,176,419	-	31,568,383
Capital Lease	715,251	-	346,056	369,195
Compensated absences, net	1,799,306	934,724	1,035,541	1,698,489
TOTAL	\$ 72,437,883	\$ 12,062,680	\$ 10,371,047	\$ 74,129,516

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

Long-term bonds and certificates of indebtedness outstanding at June 30, 2012 are comprised of the following:

	<u>Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
<u>General Obligation Bonds</u>				
School Refunding Bonds,				
Series 2003	2003	3/1/2015	2.50-5.00	\$ 6,810,000
Series 2010	2010	3/1/2014	2.00-3.00	5,290,000
<u>Sales Tax Bonds</u>				
Sales Tax Bonds, Series 2002	2002	10/1/2013	4.25-4.75	325,000
Sales Tax Refunding Bonds				
Series 2010	2010	10/1/2022	2.00-4.00	8,025,000
Series 2011	2011	10/1/2022	2.00-3.00	3,045,000
<u>Certificates of Indebtedness</u>				
Series 2008	2008	7/1/2017	-	1,054,950
Series 2009	2009	7/1/2019	-	1,500,000
<u>Revenue Bonds</u>				
Revenue Bonds, Series 2009	2009	10/15/2024	0.50	10,000,000
Revenue Bonds, Series 2011	2011	3/15/2026	0.40	<u>5,000,000</u>
Total Bonds and Certificates of Indebtedness				\$ <u><u>41,049,950</u></u>

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

Debt service requirements to maturity on all School Board bonds and certificates of indebtedness outstanding at June 30, 2012, including interest of \$3,591,030 are as follows:

<u>Year Ending June 30,</u>	<u>Total Principal & Interest Due</u>
2013	\$ 6,832,492
2014	6,717,875
2015	4,061,300
2016	1,570,800
2017	1,567,700
2018-2022	8,665,813
2023-2027	15,225,000
TOTAL	\$ <u>44,640,980</u>

During fiscal year 2012, the School Board issued \$3,045,000 in Sales Tax School Refunding Bonds with an average interest rate of 2.00% to 3.00%. The net proceeds from the issuance of the bonds were used to purchase government securities which were deposited in an irrevocable trust with an escrow agent to provide debt service until the bonds are called. The advance refund met the requirement of an in-substance debt defeasance and the defeased portion of the bonds was removed from the School Board's financial statements. The outstanding balance of the unrefunded 2002 Series Sales Tax School Bonds at June 30, 2012 is \$325,000.

As a result of the advance refunding, the School Board reduced its total debt service requirement by \$255,169 (net), which has resulted in an economic gain (difference between the present value of the debt service payments on old and new debt) of \$157,354.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

Note 9 - Lease Commitments and Rental Expense

Operating Leases

The School Board leases various items of equipment and facilities under lease agreements which are subject to annual re-appropriation clauses. Generally, as equipment leases expire, they are replaced with other leases. Rent expense for the year ending June 30, 2012 totaled \$309,675.

Capital Leases

In August 2010, the School Board entered into a capital lease obligation for the purchase of computer equipment. The original amount of the obligation was \$1,109,131 with an interest rate of 6.6%. Future minimum lease payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Future Minimum Lease Payments</u>
2013	\$ 393,881
Less: Amounts representing interest	<u>(24,686)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 369,195</u>

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

Note 10 - Interfund Receivables and Payables (FFS level only)

Individual balances due to/from other funds at June 30, 2012, are as follows:

	Due From Other Funds	Due To Other Funds
Unreimbursed expenses:		
Major Funds:		
General Fund	\$ 3,737,403	\$ 299,222
QSCB	-	
Nonmajor Funds:		
1968 Sales Tax	-	281,778
1994 Sales Tax	-	245,847
Deficit Cash Balances:		
Major Funds:		
Title I	-	1,649,827
2001 Sales Tax	-	152,150
Nonmajor Funds:		
Special Education	-	456,571
Other Federal Programs	-	634,340
State Grants	-	17,668
Total Due To/From Other Funds	\$ <u>3,737,403</u>	\$ <u>3,737,403</u>

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

Note 11 - Interfund Transfers

Transfers to/from other funds for the year ended June 30, 2012 were as follows:

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 1,157,130	\$ 35,826
Special Revenue:		
2001 Sales Tax	-	1,796,640
Title I	817	671,006
Nonmajor Funds:		
Special Revenue:		
Reading First	522	208
School Food Service	31,546	-
Special Education		164,786
1994 Sales Tax	63,000	63,000
Other Federal Programs	29,120	321,131
State Grants	5,368	-
Debt Service:		
2001-2002 Sales Tax Bond Sinking	1,465,094	-
QZAB Sinking Fund	300,000	-
Total	<u>\$ 3,052,597</u>	<u>\$ 3,052,597</u>

Included in the transfers are \$1,465,095 from Special Revenue Funds-2001 Sales Tax to Debt Service Funds-2001-2002 Sales Tax Bonds for the use in paying bond principal and interest.

Note 12 - Risk Financing Activities

The School Board manages its exposure under general liability, fleet, and errors and omissions through the purchase of commercial insurance. Qualifying employees and retirees may participate in the state group medical and life insurance plan. Risk of loss under workers' compensation statutes is self-insured by the School Board for up to \$200,000 per occurrence, with reinsurance coverage in force for losses in excess of that amount. The self-insured plan is administered by a third party, with the claims under the

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

self-insured amount paid by the General Fund; certain Special Revenue funds reimburse the General Fund for payment of their claims. Consistent with the provisions of GASB Statement No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the School Board uses the General Fund to account for its risk financing activities. During the year ended June 30, 2012, the School Board incurred and paid claims under the worker's compensation plan of approximately \$939,805 net of reimbursements.

Note 13 - Litigation and Contingencies

The School Board is a defendant in several lawsuits. Management and legal counsel for the School Board believe that the potential claims against the School Board, not covered by insurance, would not adversely affect the School Board's financial position.

Two local attorneys have publicly announced their intent to file a class action lawsuit against the School Board based on unspecified theories of liability, alleging that employees may have been underpaid as a result of errors in the methodology used to calculate the amount of sales tax-funded pay supplements received by employees. The attorneys are actively advertising in local media outlets seeking to solicit clients, which include current and past employees of the Monroe City School Board. Legal counsel for the School Board is of the opinion that there are legal defenses available that have the potential to defeat legal claims asserting that employees have been underpaid. Refer to Note 14.

Note 14 - Subsequent Events

Report on 13th Sales Tax Supplement Checks

The City of Monroe School Board received a special report from an independent CPA firm dated November 13, 2012 on the calculation and distribution of the 13th Sales Tax Supplement checks paid from the three sales taxes levied by the School Board. The conclusions reached by the CPA firm on the 1968 and 1994 sales taxes differ in some respects from the interpretation of the classifications of employees that management of the School Board has held since the inception of the taxes. The report is not based on a court opinion, attorney general's opinion or any other legal authority.

Legal counsel for the School Board disagreed with key findings that were previously published in a preliminary draft report by the independent CPA, and disagrees with key findings cited in the final official report. Legal counsel is of the opinion that legal defenses are available that have the potential to defeat legal claims premised on the

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2012

report findings that certain employee classes have been underpaid upon distribution of the 13th Sales Tax Supplement checks. Management of the School Board and legal counsel are of the opinion that the School Board has not, for sales tax distribution purposes, improperly classified and remitted 13th check distributions improperly, as characterized or reported by the report of the independent CPA.

MFP Funding and Educational Reform

On November 30, 2012, the 19th Judicial District Court of the State of Louisiana issued declaratory judgments that Act No. 2 and Senate Concurrent Resolution (SCR) No. 99 of the 2012 Legislative Session unconstitutionally divert MFP funds that are constitutionally mandated to be allocated to public elementary and secondary schools to nonpublic entities in violation of Article VIII, Section 13(B) of the Louisiana Constitution of 1974, and also unconstitutionally divert local funds included in the MFP that are constitutionally mandated to be allocated to public elementary and secondary schools to non-public entities in violation of Article VIII, Section 13(C) of the Louisiana Constitution of 1974, as implemented by LSA-R.S. 47:338.84. These rulings are subject to the appeals process and, depending on the outcome of any appeals, may have an impact on the future construction of the state MFP funding formula.

The various education reform and funding provisions in Act 2 and SCR 99 mostly became effective in fiscal year 2012-13, with some not becoming effective until the 2013-14 fiscal year. The full impact of these reforms on the School Board has yet to be determined.

Charter School Approvals

In December 2012, the School Board approved two Type I Charter School applications which, if implemented, are expected to result in the loss of up to 450 students. Because state minimum foundation program funding is an allocation made on a per pupil basis and follows the student, the School Board could experience a future loss of funding.

**REQUIRED SUPPLEMENTAL INFORMATION
(PART B)**

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

General Fund
Budgetary Comparison Schedule (GAAP Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary fund balance at beginning of year	\$ 15,190,612	\$ 16,256,349	\$ 16,296,909	\$ 40,560
Resources (inflows)				
Local sources				
Ad valorem taxes				
Constitutional tax	2,420,000	2,420,000	2,405,548	(14,452)
Renewable tax	6,980,000	6,980,000	7,059,875	79,875
Other than school taxes	300,000	300,000	332,627	32,627
Earnings on investments	90,000	90,000	54,719	(35,281)
Other local revenue	302,000	302,000	594,149	292,149
Total local sources	10,092,000	10,092,000	10,446,918	354,918
State and federal sources				
State equalization	44,489,331	44,489,331	44,431,433	(57,898)
State revenue sharing	310,000	310,000	296,519	(13,481)
State restricted revenue	183,300	183,300	142,845	(40,455)
Federal restricted grants-in-aid	350,000	350,000	9,003	(340,997)
Total state and federal sources	45,332,631	45,332,631	44,879,800	(452,831)
Other sources				
Proceeds from sale of assets	211,000	211,000	197,839	(13,161)
Insurance proceeds	2,000	2,000	18,977	16,977
Transfers in	1,250,000	1,400,000	1,157,130	(242,870)
Total other sources	1,463,000	1,613,000	1,373,946	(239,054)
Total resources	56,887,631	57,037,631	56,700,664	(336,967)
Amounts available for appropriations	72,078,243	73,293,980	72,997,573	(296,407)
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	22,307,328	22,579,275	21,873,390	705,385
Special education programs	9,417,123	9,545,688	9,285,750	259,938
Vocational programs	1,182,703	1,452,093	1,401,740	50,353
Other instructional programs	3,708,724	3,863,817	3,677,692	186,125
Special programs	644,669	646,144	592,067	54,077
Adult/Continuing education programs	128,032	129,879	129,308	571
Support Services				
Pupil support services	3,234,476	3,274,879	3,107,255	167,624
Instructional staff support	1,958,729	1,925,593	1,800,170	125,423
General administration	1,872,026	1,874,828	1,683,959	190,869
School administration	3,606,171	3,401,602	3,231,949	169,653
Business services	1,145,139	1,157,707	1,112,031	45,676
Plant services	5,672,597	5,712,214	5,528,635	183,579
Student transportation services	2,856,141	2,951,990	2,847,293	104,697
Central services	1,324,537	1,338,675	1,367,691	(29,016)
Non-instructional services				
Food service operations	195,134	203,620	192,942	10,678
Capital outlay	146,300	368,747	215,855	152,892
Debt service	651,000	651,000	176,425	474,575
Other uses				
Transfers out	150,000	150,000	35,826	114,174
Total charges to appropriations	60,200,829	61,227,751	58,260,478	2,967,273
Budgetary fund balance at end of year	\$ 11,877,414	\$ 12,066,229	\$ 14,737,095	\$ 2,670,866

See accompanying notes to budgetary comparison schedules

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Title I
Budgetary Comparison Schedule (GAAP Basis)

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Over</u> <u>(Under)</u>
	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>		
Budgetary fund balance at beginning of year	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Federal sources				
Federal restricted grants-in-aid	7,504,813	9,270,531	7,736,082	(1,534,449)
Total federal sources	7,504,813	9,270,531	7,736,082	(1,534,449)
Local sources				
Other local sources	30,049	357,379	-	(357,379)
Total local sources	30,049	357,379	-	(357,379)
Other sources				
Transfers in	-	-	817	817
Total other sources	-	-	817	817
Total resources	7,534,862	9,627,910	7,736,899	(1,891,011)
Amounts available for appropriations	7,534,862	9,627,910	7,736,899	(1,891,011)
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	-	40,000	9,346	30,654
Other instructional programs	430,539	368,682	455,503	(86,821)
Special programs	4,001,595	4,830,688	4,054,534	776,154
Support services				
Pupil support services	811,776	774,413	663,575	110,838
Instructional staff support	1,504,855	2,340,045	1,712,364	627,681
School administration	47,219	47,742	45,443	2,299
Business services	9,312	28,453	21,123	7,330
Plant services	16,952	24,104	16,881	7,223
Student transportation services	58,382	339,881	87,124	252,757
Other uses				
Transfers out	654,232	833,902	671,006	162,896
Total charges to appropriations	7,534,862	9,627,910	7,736,899	1,891,011
Budgetary fund balance at end of year	\$ -	\$ -	\$ -	\$ -

See accompanying notes to budgetary comparison schedules

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

2001 Sales Tax
Budgetary Comparison Schedule (GAAP Basis)

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary fund balance at beginning of year	\$ 2,154,492	\$ 3,789,161	\$ 3,789,161	\$ -
Resources (inflows)				
Local sources				
Sales and use taxes	13,834,825	13,834,825	14,348,936	514,111
Interest on investments	4,758	4,758	85,782	81,024
State sources				
Other restricted revenues	-	50,000	52,781	2,781
Amounts available for appropriations	15,994,075	17,678,744	18,276,660	597,916
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	3,911,082	4,066,715	3,882,174	184,541
Special education programs	1,330,355	1,722,355	1,771,086	(48,731)
Vocational programs	95,779	95,779	132,930	(37,151)
Other instructional programs	773,322	723,322	709,616	13,706
Special programs	70,658	92,658	53,258	39,400
Adult education services	45,975	45,975	12,998	32,977
Support services				
Pupil support services	355,955	355,955	416,349	(60,394)
Instructional staff support	180,633	188,633	163,610	25,023
General administration	366,108	376,108	402,644	(26,536)
School administration	377,309	377,309	378,199	(890)
Business services	173,998	213,998	161,212	52,786
Plant services	1,424,456	2,064,233	2,126,809	(62,576)
Student transportation services	339,270	339,270	362,872	(23,602)
Central services	1,771,481	1,921,913	1,958,901	(36,988)
Non-Instructional services				
Food service operations	380,474	380,474	385,409	(4,935)
Capital outlay	1,175,038	981,512	609,968	371,544
Debt services	1,299,425	915,425	71,250	844,175
Other uses				
Transfers out	1,565,640	1,565,640	1,796,640	(231,000)
Total charges to appropriations	15,636,958	16,427,274	15,395,925	1,031,349
Budgetary fund balance at end of year	\$ 357,117	\$ 1,251,470	\$ 2,880,735	\$ 1,629,265

See accompanying notes to budgetary comparison schedules

**City of Monroe School Board
Monroe, Louisiana**

**Notes to Budgetary Comparison Schedules
Fiscal year Ended June 30, 2012**

Budget and Budgetary Accounting

The School Board utilized the following procedures in establishing the budgetary data reflected in the financial statements:

In September, the Superintendent submits to the School Board proposed annual appropriated budgets for the General Fund and the Special Revenue Funds for the fiscal year commencing the prior July 1. A public hearing is conducted to obtain taxpayer comments. Prior to September 15, the School Board legally enacts the budget through adoption. The only legal requirement is that the School Board adopts a balanced budget; that is, total budgeted revenues and other financing sources (including fund balance) must equal or exceed total budgeted expenditures and other financing uses. The budget is revised periodically throughout the year, when deemed appropriate, but a balanced budget is always approved.

All budgets have annual appropriated budgets adopted on a basis consistent with GAAP. Except for grant-oriented funds, unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are utilized when goods or services are received. Grant-oriented fund budgets are adopted at the time the grant applications are approved by the grantor. Separate annual budgets are adopted for unencumbered appropriations of grant-oriented Special Revenue Funds at the beginning of the following fiscal year.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. All budgets are operational at the departmental or project level. The Superintendent of the School Board is authorized to transfer budget amounts between line item activity and between any functions of an individual fund; however, any supplemental appropriations that amend the total expenditures of any fund require School Board approval.

CITY OF MONROE SCHOOL BOARD

OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ending	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as of Percentage of Covered Payroll ((b-a)/c)
06/30/12	07/01/12	\$ -	\$ 105,817,901	\$ 105,817,901	0.0%	\$ 41,010,519	258.0%
06/30/11	07/01/11	\$ -	\$ 105,817,901	\$ 105,817,901	0.0%	\$ 42,721,541	247.7%
06/30/10	07/01/10	\$ -	\$ 92,434,614	\$ 92,434,614	0.0%	\$ 40,628,535	227.5%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Annual OPEB Cost	Amount Contributed	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
06/30/12	\$ 11,862,582	\$ 3,686,163	31.1%	\$ 31,568,383
06/30/11	\$ 12,038,433	\$ 3,251,500	27.0%	\$ 23,391,964
06/30/10	\$ 10,555,929	\$ 3,115,762	29.5%	\$ 14,605,031

SUPPLEMENTAL INFORMATION

NONMAJOR FUNDS

CITY OF MONROE SCHOOL BOARD

Monroe, Louisiana

Nonmajor Funds

As of and for the Year Ended June 30, 2012

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. These funds are primarily established for specific educational purposes and funded through the United States Department of Education or the Louisiana Department of Education.

- A. The Special Education funds is a Federal program that provides free appropriate education for all identified handicapped children from 3 to 21 years of age in the least restrictive environment.
- B. School Food Service accounts for the revenues and expenditures incurred, in providing to pupils, breakfast and lunch services during the school year and in the Summer Feeding program.
- C. Reading First is a federally financed program to ensure that all children achieve reading mastery by the end of the third grade.
- D. 1968 Sales Tax Fund accounts for the collection and distribution of a one-half percent sales tax to provide for supplemental salaries to School Board personnel. Certified personnel receive 88% of the collections with classified personnel receiving 12%.
- E. 1994 Sales Tax Fund accounts for the collection and distribution of a one-half percent sales tax levied to provide additional support to the school system to including funding of employee salaries and instructional purposes.
- F. The Other Federal Programs funds account for all other federal programs that were not specifically discussed above.
- G. The State Grants funds account for various programs funded by the Louisiana Department of Education.
- H. The Local Grants funds account for one grant from a private entity.

Debt Service Funds:

Debt Service Funds account for the accumulation of resources for the payment of general long-term principal, interest and related costs.

The Bond Redemption Fund accounts for the 1995 School Improvement Bonds and the related 2001 and 2003 refunding bonds.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana
Nonmajor Funds
As of and for the Year Ended June 30, 2012

The 2001-2002 Sales Tax Bond Sinking Fund accounts for the 2001 and 2002 Series Sales Tax Bonds.

The QZAB Sinking Funds accounts for the 2011 Qualified Zone Academy Bonds.

Capital Projects Funds:

Capital Projects Funds account for the financial resources received and used for the acquisition, construction or improvements of capital facilities not reported in other governmental funds.

The QZAB Series 2008 (Qualified Zone Academy Bond) Fund accounts for proceeds from the issuance of \$1,582,450 of Certificates of Indebtedness for the purpose of rehabilitating or repairing schools and related facilities, purchasing equipment and developing course materials for education.

The QZAB Series 2009 (Qualified Zone Academy Bond) Fund accounts for proceeds from the issuance of \$1,500,000 of Certificates of Indebtedness for the purpose of rehabilitating or repairing schools and related facilities, purchasing equipment, teacher training and developing course materials for education.

The Capital Projects Fund accounts for resources accumulated and expended for improvements, acquisitions and construction of School Board Facilities.

The QSCB Series 2011 (Qualified School Construction Bonds) Fund accounts for proceeds from the issuance of \$10,000,000 of Revenue Bonds for the purpose of construction, rehabilitation or repair of public school facilities and equipping of school facilities.

**City of Monroe School Board
Monroe, Louisiana**

**NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet**

June 30, 2012

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 1,130,282	\$ 5,809,605	\$ 92,803	\$ 7,032,690
Accounts receivable	3,962,368	29,224	-	3,991,592
Inventory	78,546	-	-	78,546
Other assets	7,294	-	-	7,294
Total assets	<u>\$ 5,178,490</u>	<u>\$ 5,838,829</u>	<u>\$ 92,803</u>	<u>\$ 11,110,122</u>
Liabilities and Fund Equity				
Liabilities				
Accounts payable	\$ 53,110	\$ -	\$ -	\$ 53,110
Salaries and wages payable	1,597,769	-	-	1,597,769
Due to other funds	1,636,204	-	-	1,636,204
Other liabilities	41,345	51,848	-	93,193
Total liabilities	3,328,428	51,848	-	3,380,276
Fund Equity				
Nonspendable				
Inventory and prepaids	81,263	-	-	81,263
Restricted for				
Salaries and related benefits	723,479	-	-	723,479
Instructional costs	286,592	-	-	286,592
Food services	758,728	-	-	758,728
Debt service	-	5,786,981	-	5,786,981
Capital projects	-	-	92,803	92,803
Total fund balances	<u>1,850,062</u>	<u>5,786,981</u>	<u>92,803</u>	<u>7,729,846</u>
Total liabilities and fund equity	<u>\$ 5,178,490</u>	<u>\$ 5,838,829</u>	<u>\$ 92,803</u>	<u>\$ 11,110,122</u>

City of Monroe School Board
Monroe, Louisiana

NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

For the Year Ended June 30, 2012

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Local Sources				
Ad valorem tax	\$ -	\$ 5,819,656	\$ -	\$ 5,819,656
Sales tax collections	11,419,340	-	-	11,419,340
Interest	5,542	12,531	3,444	21,517
School food service payment for meals	179,012	-	-	179,012
Other local revenue	64,554	-	-	64,554
State Sources				
Restricted grants-in-aid	368,718	-	-	368,718
Grants - unrestricted	300,000	-	-	300,000
Federal Sources				
Restricted grants-in-aid	10,826,602	-	-	10,826,602
Total revenues	<u>23,163,768</u>	<u>5,832,187</u>	<u>3,444</u>	<u>28,999,399</u>
Expenditures				
Current				
Instructional				
Regular programs	4,979,725	-	-	4,979,725
Special education programs	2,528,940	-	-	2,528,940
Vocational programs	325,161	-	-	325,161
Other instructional programs	2,203,525	-	-	2,203,525
Special programs	1,433,472	-	-	1,433,472
Adult/Continuing education programs	137,499	-	-	137,499
Support Services				
Pupil support services	1,746,097	-	-	1,746,097
Instructional staff	1,277,572	-	-	1,277,572
General administration	115,403	188,889	-	304,292
School administration	842,398	-	-	842,398
Business services	177,854	-	594	178,448
Plant services	359,269	-	283,543	642,812
Student transportation services	342,444	-	-	342,444
Central services	476,077	-	-	476,077
Noninstructional				
Food service operations	5,400,155	-	-	5,400,155
Debt service				
Principal	-	5,515,000	-	5,515,000
Interest	-	957,364	-	957,364
Capital outlay	161,721	-	1,459,686	1,621,407
Total expenditures	<u>22,527,312</u>	<u>6,661,253</u>	<u>1,743,823</u>	<u>30,932,388</u>
Excess (Deficiency) of Revenues				
Over Expenditures	636,456	(829,066)	(1,740,379)	(1,932,989)
Other Financing Sources (Uses)				
Proceeds from issuance of debt	-	3,045,000	-	3,045,000
Transfers in	129,556	1,765,094	-	1,894,650
Payments to bond escrow	-	(3,703,235)	-	(3,703,235)
Transfers out	(549,125)	-	-	(549,125)
Total other financing sources (Uses)	<u>(419,569)</u>	<u>1,106,859</u>	<u>-</u>	<u>687,290</u>
Net Change in Fund Balances	216,887	277,793	(1,740,379)	(1,245,699)
Fund Balances at Beginning of Year	1,633,175	5,509,188	1,833,182	8,975,545
Fund Balances at End of Year	<u>\$ 1,850,062</u>	<u>\$ 5,786,981</u>	<u>\$ 92,803</u>	<u>\$ 7,729,846</u>

City of Monroe School Board
Monroe, Louisiana

NONMAJOR SPECIAL REVENUE FUNDS
Combining Balance Sheet

June 30, 2012

	Special Revenue Funds						
	Special Education	School Food Service	Reading First	1968 Sales Tax	1994 Sales Tax	Other Federal Programs	State Grants
Assets							Local Grants
Cash and cash equivalents	\$ -	\$ 628,173	\$ -	\$ 42,113	\$ 400,581	\$ 57	\$ 59,358
Accounts receivable	579,322	417,673	-	728,202	1,210,288	994,391	32,492
Inventory	-	78,546	-	-	-	-	-
Other assets	2,320	667	-	-	2,050	2,257	-
Total assets	\$ 581,642	\$ 1,125,059	\$ -	\$ 770,315	\$ 1,612,919	\$ 996,705	\$ 91,850
							Total
							\$ 1,130,282
							\$ 3,962,368
							\$ 78,546
							\$ 7,294
							\$ 5,178,490
Liabilities and Fund Equity							
Liabilities							
Accounts payable	\$ 764	\$ 35,826	\$ -	\$ -	\$ 5,849	\$ 10,671	\$ -
Salaries and wages payable	124,307	251,292	-	318,896	567,976	310,349	24,949
Due to other funds	456,571	-	-	281,778	245,847	634,340	17,668
Other liabilities	-	-	-	-	-	41,345	-
Total liabilities	\$ 581,642	\$ 287,118	\$ -	\$ 600,674	\$ 819,672	\$ 996,705	\$ 42,617
							\$ 3,328,428
Fund Equity							
Fund balances							
Nonspendable	-	79,213	-	-	2,050	-	-
Inventory and prepaids	-	-	-	-	-	-	-
Restricted for	-	-	-	-	-	-	-
Salaries and related benefits	-	-	-	169,641	553,838	-	-
Instructional costs	-	-	-	-	237,359	-	-
Food services	-	758,728	-	-	-	-	-
Total fund balances	\$ 581,642	\$ 837,941	\$ -	\$ 169,641	\$ 793,247	\$ -	\$ 49,233
Total liabilities and fund equity	\$ 581,642	\$ 1,125,059	\$ -	\$ 770,315	\$ 1,612,919	\$ 996,705	\$ 91,850
							\$ 1,850,062
							\$ 5,178,490

City of Monroe School Board
Monroe, Louisiana

NONMAJOR SPECIAL REVENUE FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

For the Year Ended June 30, 2012

	Special Revenue Funds							Total
	Special Education	School Food Service	Reading First	1968 Sales Tax	1994 Sales Tax	Other Federal Programs	State Grants	Local Grants
Revenues								
Local Sources								
Sales tax collections	\$ -	\$ -	-	\$ 4,244,722	\$ 7,174,618	\$ -	\$ -	\$ -
Interest	-	-	-	1,533	4,009	-	-	-
School food service payment for meals	-	179,012	-	-	-	-	-	-
Other local revenue	-	1,944	-	-	-	-	-	62,610
State Sources								
Restricted grants-in-aid	45,048	-	-	-	-	26,148	297,522	-
State - other revenues	-	300,000	-	-	-	-	-	-
Federal Sources								
Restricted grants-in-aid	2,127,747	4,733,797	4,051	-	-	3,961,007	-	-
Total revenues	2,172,795	5,214,753	4,051	4,246,255	7,178,627	3,987,155	297,522	62,610
								10,826,602
								23,163,768
Expenditures								
Current								
Instructional								
Regular programs	643,063	-	-	1,916,530	2,991,934	8,651	-	62,610
Special education programs	1,406	-	-	825,328	1,060,549	-	-	-
Vocational programs	33,429	-	-	107,519	126,752	89,484	-	-
Other instructional programs	34,016	-	-	290,510	421,183	1,458,403	-	-
Special programs	53,567	-	4,365	20,279	23,129	1,228,620	143,063	-
Adult/Continuing education programs	-	-	-	10,410	12,900	60,622	-	-
Support Services								
Pupil support services	936,826	-	-	247,203	448,810	97,953	15,305	-
Instructional staff	273,301	-	-	120,344	217,867	575,217	90,643	-
General administration	-	-	-	33,547	52,646	29,210	-	-
School administration	-	-	-	210,189	596,806	19,436	15,967	-
Business services	4,322	-	-	17,302	155,920	310	-	-
Plant services	540	-	-	113,804	244,925	-	-	-
Student transportation services	27,342	-	-	89,589	114,797	110,716	-	-
Central services	-	-	-	34,223	403,292	18,562	-	-
Noninstructional								
Food service operations	-	5,172,284	-	108,043	119,828	-	-	-
Capital outlay	-	84,419	-	-	77,302	-	-	-
Total expenditures	2,098,612	5,256,703	4,365	4,164,820	7,068,640	3,697,184	264,578	62,610
								3,400,155
								161,721
								22,527,312
Excess (Deficiency) of Revenues Over Expenditures	164,783	(41,950)	(314)	81,435	109,987	289,971	32,544	-
								636,456
Other Financing Sources (Uses)								
Transfers in	-	31,546	522	-	63,000	29,120	5,368	-
Transfers out	(164,783)	-	(208)	-	(63,000)	(321,134)	-	-
Total other financing sources (Uses)	(164,783)	31,546	314	-	-	(292,014)	5,368	-
								129,556
								(549,125)
								(419,569)
Net Change in Fund Balances	-	(10,404)	-	81,435	109,987	(2,043)	37,912	-
								216,887
Fund Balances at Beginning of Year	-	848,345	-	88,206	683,260	2,043	11,321	-
								1,633,175
Fund Balances at End of Year	\$ -	\$ 837,941	\$ -	\$ 169,641	\$ 793,247	\$ -	\$ 49,233	\$ -
								1,850,062

DEBT SERVICE FUNDS

City of Monroe School Board
Monroe, Louisiana

NONMAJOR DEBT SERVICE FUND
Balance Sheet

June 30, 2012

	<u>Bond Redemption</u>	<u>2001-2002 Sales Tax Bond Sinking</u>	<u>QZAB 2011 Sinking</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 3,191,046	\$ 2,168,270	\$ 450,289	\$ 5,809,605
Receivables	<u>29,224</u>	<u>-</u>	<u>-</u>	<u>29,224</u>
Total assets	<u>\$ 3,220,270</u>	<u>\$ 2,168,270</u>	<u>\$ 450,289</u>	<u>\$ 5,838,829</u>
Liabilities and Fund Equity				
Liabilities				
Other Payables	\$ -	\$ 51,847	\$ -	\$ 51,847
Fund Equity				
Fund balance - restricted for debt service	<u>3,220,270</u>	<u>2,116,423</u>	<u>450,289</u>	<u>5,786,982</u>
Total liabilities and fund equity	<u>\$ 3,220,270</u>	<u>\$ 2,168,270</u>	<u>\$ 450,289</u>	<u>\$ 5,838,829</u>

City of Monroe School Board
Monroe, Louisiana

NONMAJOR DEBT SERVICE FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances

For the Year Ended June 30, 2012

	Bond Redemption Debt Service	2001-2002 Sales Tax Bond Sinking	QZAB 2011 Sinking	Total
Revenues				
Local Sources				
Ad valorem tax	\$ 5,819,656	\$ -	\$ -	\$ 5,819,656
Interest	5,810	6,432	289	12,531
Total revenues	5,825,466	6,432	289	5,832,187
Expenditures				
General Administration	172,540	16,348	-	188,888
Debt Service				
Principal	4,555,000	960,000	-	5,515,000
Interest	568,513	388,851	-	957,364
Total expenditures	5,296,053	1,365,199	-	6,661,252
Excess (deficiency) of revenues over expenditures	529,413	(1,358,767)	289	(829,065)
Other financing sources / uses				
Bond proceeds	-	3,045,000	-	3,045,000
Payments to bond escrow	-	(3,703,235)	-	(3,703,235)
Transfers in	-	1,465,094	300,000	1,765,094
Total other financing sources	-	806,859	300,000	1,106,859
Net change in fund balances	529,413	(551,908)	300,289	277,794
Fund balances at beginning of year	2,690,857	2,668,331	150,000	5,509,188
Fund balances at end of year	\$ 3,220,270	\$ 2,116,423	\$ 450,289	\$ 5,786,982

CAPITAL PROJECTS FUNDS

City of Monroe School Board
Monroe, Louisiana

NONMAJOR CAPITAL PROJECTS FUND

Balance Sheet

June 30, 2012

	QZAB Series 2008	QZAB Series 2009	Capital Projects	QSCB Series 2011	Total
Assets					
Cash and cash equivalents	\$ 24	\$ 43,857	\$ 48,871	\$ 51	\$ 92,803
Total assets	\$ 24	\$ 43,857	\$ 48,871	\$ 51	\$ 92,803
Liabilities and Fund Equity					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Equity					
Fund balance - restricted for capital projects	24	43,857	48,871	51	92,803
Total liabilities and fund equity	\$ 24	\$ 43,857	\$ 48,871	\$ 51	\$ 92,803

City of Monroe School Board
Monroe, Louisiana

NONMAJOR CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures,
and Changes in Fund Balances

For the Year Ended June 30, 2012

	QZAB Series 2008	QZAB Series 2009	Capital Projects	QSCB Series 2011	Total
Revenues					
Local sources					
Interest	24 \$	209 \$	1,099 \$	2,112 \$	3,444
Total revenues	24	209	1,099	2,112	3,444
Expenditures					
Current					
Business services	-	-	-	594	594
Plant services	-	278,900	4,643	-	283,543
Facility acquisition & construction	-	59,168	317,592	1,082,926	1,459,686
Total expenditures	-	338,068	322,235	1,083,520	1,743,823
Excess (deficiency) of revenues over expenditures	24	(337,859)	(321,136)	(1,081,408)	(1,740,379)
Other Financing Sources					
Proceeds from issuance of debt	-	-	-	-	-
Net change in fund balances	24	(337,859)	(321,136)	(1,081,408)	(1,740,379)
Fund balances at beginning of year	-	381,716	370,007	1,081,459	1,833,182
Fund balances at end of year	24 \$	43,857 \$	48,871 \$	51 \$	92,803

OTHER SUPPLEMENTARY DATA

This section contains information that is presented as additional analytical data.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>District</u>	<u>Compensation</u>
Victoria Dayton	1	\$ 9,600
Vickie Krutzer	2	9,600
Mickey Traweek	3	10,300
Clarence Sharp	4	9,600
Rodney McFarland	5	9,600
Verbon Muhammad, Sr.	6	9,300
Glenn Ludley	7	<u>9,600</u>
		 \$ <u>67,600</u>

SUPPLEMENTARY INFORMATION – GRANT ACTIVITY

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
Philip A. Ragsdale, CPA
David Ray Soignier, CPA, MBA

John Herman, CPA
Lynn Andries, CPA
Esther Atteberry, CPA
Lori Woodard, MBA, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

City of Monroe School Board
Monroe, Louisiana

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the **City of Monroe School Board** (the School Board) as of and for the year ended June 30, 2012, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated December 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the School Board is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the School Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

**City of Monroe School Board
Monroe, Louisiana**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the School Board in a separate letter dated December 28, 2012.

This report is intended solely for the information and use of management of the School Board, others within the entity, federal awarding agencies and pass-through entities, and other entities granting funds to the School Board and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Huffery, Huffman, Reynolds, & Squires

(A Professional Accounting Corporation)

December 28, 2012

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

City of Monroe School Board
Monroe, Louisiana

Compliance

We have audited the **City of Monroe School Board's** (the School Board) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2012. The School Board's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Board's management. Our responsibility is to express an opinion on the School Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School Board's compliance with those requirements.

In our opinion, the School Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

**City of Monroe School Board
Monroe, Louisiana**

Internal Control Over Compliance

Management of the School Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Board's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness on the School Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of management of the School Board, others within the entity, federal awarding agencies and pass-through entities, and other entities granting funds to the School Board and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Huffman, Huffman, Reynolds, & Siggins

(A Professional Accounting Corporation)

December 28, 2012

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	C.F.D.A. Number	Pass Through Grant Number	Expenditures / Issues
DIRECT PROGRAMS:			
U.S. DEPARTMENT OF DEFENSE			
R.O.T.C.	N/A	N/A	\$ 194,676
Total U.S. Department of Defense			194,676
U.S. DEPARTMENT OF EDUCATION			
Impact Aid	84.041	N/A	8,376
Gear UP	84.334	N/A	137,187
Safe Schools Healthy Students	84.184L	N/A	65,597
Safe Schools Healthy Students	84.184L	N/A	27,109
Total U.S. Department of Education			238,269
Total Direct Programs			432,945
PASS THROUGH PROGRAMS:			
U. S. DEPARTMENT OF EDUCATION			
Passed through Louisiana Department of Education			
LA Advanced Placement Test Fee Program	84.330B	28-11-26-65	627
Striving Readers Comprehensive Literacy Program	84.371C	28-12-SN-65	18,411
TITLE I CLUSTER			
Title I Grants to Local Educational Agencies			
Part A - Basic			
Regular Program	84.010A	28-12-TI-65	6,998,107
Regular Program	84.010A	28-13-TI-65	36,754
School Improvement	84.010A	28-10-TA-65	30,049
School Improvement	84.010A	28-11-TA-65	201,682
ARRA-Title I	84.389A	28-09-A1-65	469,490
Total Title I Cluster			7,736,082
SPECIAL EDUCATION CLUSTER:			
Special Education-Individuals With Disabilities Education Act IDEA B			
IDEA B	84.027A	28-12-B1-65	1,870,065
IDEA B	84.027A	28-13-B1-65	9,748
SALSA - SLPC Leadership Academy	84.027A	28-12-SE-65	756
ARRA - IDEA B	84.391A	28-09-A1-65	111,428
JAG - Aim High Middle School Pilot Program	84.027A	28-11-JP-65	60,916
Preschool	84.173A	28-12-P1-65	50,347
Preschool	84.173A	28-13-P1-65	1,637
ARRA - Preschool	84.392A	28-09-AP-65	2,101
SIM in Support of Literacy	84.027A	28-11-SM-65	18,684
SIM in Support of Literacy	84.027A	28-12-SM-65	2,066
Total Special Education Cluster			2,127,748
Title II - Part A, Teacher and Principal Training and Recruiting			
Regular	84.367A	28-12-50-65	904,323
Total Title II			904,323
Title IV - Safe and Drug-Free Schools and Communities - State Grants			
Regular	84.186A	28-10-70-65	10,228
Total Title IV			10,228

(Continued)

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Schedule of Expenditures of Federal Awards (Concluded)
For the Year Ended June 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	C.F.D.A. Number	Pass Through Grant Number	Expenditures / Issues
21st Century	84.287C	28-11-63-65	381,366
21st Century	84.287C	28-11-7C-65	390,796
21st Century	84.287C	28-12-73-65	436,204
21st Century	84.287C	28-12-76-65	615,046
21st Century	84.287C	28-12-77-65	90,448
Total 21st Century			<u>1,913,860</u>
Educational Technology State Grants			
Technology Literacy Challenge Grant	84.318X	28-11-14-65	50,680
Enhancing Education Through Technology	84.318X	28-10-49-65	8,523
ARRA - Education Technology State Grants	84.386A	28-09-59-65	124
Total Educational Technology State Grants			<u>59,327</u>
Reading First	84.357A	28-08-RF-65	1,148
Reading First	84.357A	28-09-RF-65	2,903
Total Reading First			<u>4,051</u>
Education Jobs Grants			
Education Jobs	84.410A	28-11-EK-65	6,571
Education Jobs Supplement	84.410A	28-11-EI-65	28,538
Total Education Jobs Grants			<u>35,109</u>
Vocational Education	84.048A	28-12-02-65	140,793
Total Vocational Education			<u>140,793</u>
Total U.S. Dept. of Education Passed Through LA DOE			<u>12,950,559</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Louisiana Department of Education			
Temporary Assistance for Needy Families (TANF)			
The Cecil J. Picard LA 4 Early Childhood Program	93.558	28-11-36-65	404,552
Jobs for America's Graduates-CDC	93.558	28-12-JC-65	700
Jobs for America's Graduates-LA	93.558	28-12-JS-65	49,134
Total U. S. Department of Health and Human Services Passed Through LA DOE			<u>454,386</u>
U.S. DEPARTMENT OF AGRICULTURE (USDA)			
Passed through Louisiana Department of Education			
CHILD NUTRITION CLUSTER:			
School Breakfast Program	10.553	N/A	1,136,601
School Lunch Program	10.555	N/A	2,693,270
School Snack Program	10.555	N/A	85,623
Commodities	10.555	N/A	256,373
Summer Feeding	10.559	N/A	123,678
Fresh Fruit and Vegetable Program	10.582	N/A	438,252
Total Child Nutrition Cluster			<u>4,733,797</u>
Total U.S. Dept. of Agriculture Passed Through LA DOE			<u>4,733,797</u>
TOTAL PASS THROUGH PROGRAMS			<u>18,138,742</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 18,571,687</u>

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2012

A. General

The preceding Schedule of Expenditures of Federal Awards presents the activity of all Federal financial assistance programs of the City of Monroe School Board (the School Board). The School Board reporting entity is defined in Note 1 to the School Board's general purpose financial statements. All Federal financial assistance received directly from Federal agencies as well as Federal financial assistance passed through other government agencies is included on the schedule.

B. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the School Board's financial statements.

C. Relationship to Financial Statements

The following reconciliation is provided to help the reader of the School Board's financial statements and supplementary information relate such information to the Schedule of Expenditures of Federal Awards for the year ended June 30, 2012:

	Title I Funds	Special Education Funds	Reading First Funds	Other Federal Programs Funds	School Food Service Funds
Total Expenditures per Financial Statements	\$ 7,065,076	\$ 1,962,965	\$ 3,843	\$ 3,640,502	\$ 4,733,797
Transfer of Indirect Cost	671,006	164,783	208	321,131	-
Expenditures per Schedule	<u>\$ 7,736,082</u>	<u>\$ 2,127,748</u>	<u>\$ 4,051</u>	<u>\$ 3,961,633</u>	<u>\$ 4,733,797</u>

	General Fund Impact Aid	Total
Total Expenditures per Financial Statements	\$ 8,376	\$ 17,414,559
Transfer of Indirect Cost	-	1,157,128
Expenditures per Schedule	<u>\$ 8,376</u>	<u>\$ 18,571,687</u>

Included in the Child Nutrition Cluster is \$256,373 of non-cash awards in the form of commodities provided by the United States Department of Agriculture.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

Section 1 – Summary of Auditor's Results

Financial Statements:

Type of Auditor's Report Issued: Unqualified

Internal Control Over Financial Reporting:

Material weaknesses identified? ☐ Yes ☒ No

Significant Deficiencies identified not considered to be material weaknesses? ☐ Yes ☒ No

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards:

Internal Control Over Major Programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant Deficiencies identified not considered to be material weakness(es)? ☐ Yes ☒ No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? ☐ Yes ☒ No

Dollar threshold used to distinguish between Type A and Type B programs \$554,860

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Identification of Major Programs:

<u>CFDA #</u>	<u>PROGRAM TITLE</u>
84.010A & 84.389A	Title I Cluster
84.027A; 84.173A; 84.391A & 84.392A	Special Education Cluster

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

Section II – Financial Statement Findings and Questioned Costs:

None Reported

Section III – Federal Awards Findings and Questioned Costs:

None reported.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Summary Status of Prior Year Findings

For the Year Ended June 30, 2012

The following is a summary of the status of the prior year management letter comments included in Luffey, Huffman, Ragsdale & Soignier's (APAC) audit report dated December 30, 2011 of the City of Monroe School Board as of and for the year ended June 30, 2011.

Management Letter Comments:

Documentation of Internal Control

While certain elements of the components of internal control exist and certain aspects of the control activities have been documented, the School Board does not possess written documentation of all components of internal control over School Board operations.

Status

The District has many existing procedures in place for effective internal control. The District continues to evaluate the internal control procedures and has developed some written documentation for the control activity component as outlined in the Committee of Sponsoring Organizations of the Treadway Commission Report (COSO). Even though we have been unable to conclude all documentation, we will continue to utilize available resources, such as the COSO framework to improve our documentation of internal control.

Maintenance of Personnel Files

Compliance tests of payroll transactions noted that a significant number of School Board personnel files did not contain required federal and state withholding forms.

Status

The Human Resources Department has reviewed personnel files to ensure that all required federal and state forms are present and updated in employee files. This Department will continue to offer new withholding forms at the beginning of each calendar year to ensure compliance with federal and state laws.

OTHER INFORMATION

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
Philip A. Ragsdale, CPA
David Ray Soignier, CPA, MBA

John Herman, CPA
Lynn Andries, CPA
Esther Atteberry, CPA
Lori Woodard, MBA, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

CITY OF MONROE SCHOOL BOARD MONROE, LOUISIANA

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the City of Monroe School Board (the School Board) and the Legislative Auditor, State of Louisiana (collectively, the Specified Users), solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the City of Monroe School Board and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE). This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the Specified Users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules required by state law and are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

**City of Monroe School Board
Monroe, Louisiana**

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to School Board supporting payroll records as of October 1, 2011.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2011 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Experience of Public Principals, Assistant Principals and Full-time Classroom Teachers (Schedule 4)

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2011 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Public School Staff Data: Average Salaries (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.
8. We recalculated the average salaries and full-time equivalents reported in the schedule.

**City of Monroe School Board
Monroe, Louisiana**

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2011 roll books for those classes and determined if the class was properly classified on the schedule.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School Board.

Graduation Exit Examination (Schedule 8)

11. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School Board.

iLeap Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School Board.

Our twelve procedures enumerated above did not disclose any exceptions.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the City of Monroe School Board, the Louisiana Department of Education, the Louisiana Legislature and Legislative Auditor, State of Louisiana and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Huffman, Huffman, Royakube, & Sapienza

(A Professional Accounting Corporation)

December 28, 2012

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2012

Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 - Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principal's with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 4 - Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 - Public School Staff Data: Average Salaries

This schedule includes average classroom teacher's salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual School Report (ASR).

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2012

Schedule 8 - Graduation Exit Examination (GEE)

This schedule represents student performance testing data and includes summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 9 -iLEAP Tests

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

As of fiscal year 2011, 9th graders are not required to take iLeap. These students must now pass 3 end-of-course tests. The Department of Education will be reviewing end-of-course testing and its potential inclusion for assurance purposes in time for fiscal year 2013 assurance submissions.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
Fiscal Year Ended June 30, 2012**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 20,484,338	
Other Instructional Staff Activities	2,829,242	
Instructional Staff Employee Benefits	12,014,522	
Purchased Professional and Technical Services	2,100	
Instructional Materials and Supplies	424,065	
Instructional Equipment	35,795	

Total Teacher and Student Interaction Activities	\$	35,790,062
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Other Instructional Activities

88,999

Pupil Support Activities

3,354,975

Less: Equipment for Pupil Support Activities

-

Net Pupil Support Activities

3,354,975

Instructional Staff Services

1,922,485

Less: Equipment for Instructional Staff Services

-

Net Instructional Staff Services

1,922,485

School Administration

3,442,267

Less: Equipment for School Administration

-

Net School Administration

3,442,267

Total General Fund Instructional Expenditures

\$ 44,598,788

Total General Fund Equipment Expenditures

\$ 1,931,356

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ 2,405,548
Renewable Ad Valorem Tax	7,059,875
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	332,627
Sales and Use Taxes	-
Total Local Taxation Revenue	\$ 9,798,050

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$ -
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	\$ -

(Continued)

MONROE CITY SCHOOL BOARD
Monroe, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources (Concluded)
Fiscal Year Ended June 30, 2012**

State Revenue in Lieu of Taxes:

Revenue Sharing-Constitutional Tax	\$ 296,519
Revenue Sharing-Other Taxes	-
Revenue Sharing-Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	<u>\$ 296,519</u>

Nonpublic Transportation Revenue	<u>\$ -</u>
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Nonpublic Textbook Revenue	<u>\$ 20,555</u>
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CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Education Levels of Public School Staff
As of October 1, 2011

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	2	0.3%	6	0.9%	-	-	-	-
Bachelor's Degree	332	51.4%	4	0.6%	-	-	-	-
Master's Degree	194	30.0%	1	0.2%	7	25.0%	-	-
Master's Degree +30	96	14.9%	-	0.0%	19	67.9%	-	-
Specialist in Education	3	0.5%	-	0.0%	0	0.0%	-	-
Ph.D. or Ed.D.	8	1.2%	-	0.0%	2	7.1%	-	-
Total	635	98%	11	2%	28	100%	-	-

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Number and Type of Public Schools
Fiscal Year Ended June 30, 2012

Type	Number
Elementary	12
Middle/ Junior High	3
Secondary	3
Combination	1
Total	19

CITY OF MONROE SCHOOL BOARD

Monroe, Louisiana

Experience of Public Principals, Assistant Principals,
and Full-time Classroom Teachers

As of October 1, 2011

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	-	2	2	0	5	9
Principals	-	-	-	2	6	6	5	19
Classroom Teachers	47	51	177	80	75	81	135	646
Total	47	51	177	84	83	87	145	674

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Public School Staff Data: Average Salaries
As of June 30, 2012

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$51,810.00	\$51,417.00
Average Classroom Teachers' Salary Excluding Extra Compensation	\$51,297.00	\$50,923.00
Number of Teacher full-time Equivalents (FTEs) used in Computation of Average Salaries	636	616

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Class Size Characteristics
As of October 1, 2011

School Type	Class Size Range								
	1 - 20			21-26			27 - 33		
	Percent	Number	Percent	Number	Percent	Number	Percent	Number	34+
Elementary	66%	1,268	34%	662	0%	0	0%	0	0
Elementary Activity Classes	79%	107	11%	15	4%	6	5%	7	7
Middle/Jr. High	68%	335	26%	130	6%	30	0%	0	0
Middle/Jr. High Activity Classes	87%	102	8%	9	5%	6	0%	0	0
High	74%	817	19%	208	7%	82	0%	1	1
High Activity Classes	79%	107	11%	15	4%	6	5%	7	7
Combination	100%	44	0%	0	0%	0	0%	0	0
Combination Activity Classes	100%	4	0%	0	0%	0	0%	0	0
		2,784		1,039		130		15	15

Note: The Board of Elementary and secondary education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and the maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education classes, band and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

**Louisiana Educational Assessment Program (LEAP)
Three Fiscal Years Ended June 30, 2012**

District Achievement Level Results	English Language Arts						Mathematics					
	2012			2011			2012			2011		
	Number	Percent		Number	Percent		Number	Percent		Number	Percent	
Grade 4												
Advanced	35	6%		48	7%		86	14%		75	11%	
Mastery	141	22%		158	24%		120	19%		141	22%	
Basic	323	52%		308	47%		279	44%		282	43%	
Approaching Basic	91	15%		102	16%		90	14%		103	16%	
Unsatisfactory	37	6%		37	6%		52	8%		52	8%	
Total	627			653			627			653		

District Achievement Level Results	Science						Social Studies					
	2012			2011			2012			2011		
	Number	Percent		Number	Percent		Number	Percent		Number	Percent	
Grade 4												
Advanced	45	7%		18	3%		34	5%		51	8%	
Mastery	136	22%		111	17%		112	18%		105	16%	
Basic	297	47%		337	51%		342	54%		330	50%	
Approaching Basic	122	19%		147	22%		98	16%		113	17%	
Unsatisfactory	28	4%		42	6%		42	7%		56	9%	
Total	628			655			628			655		

(continued)

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

**Louisiana Educational Assessment Program (LEAP)
Three Fiscal Years Ended June 30, 2012**

District Achievement Level Results	English Language Arts						Mathematics					
	2012			2011			2012			2011		
	Number	Percent		Number	Percent		Number	Percent		Number	Percent	
Grade 8												
Advanced	13	2%		16	3%		11	2%		17	3%	
Mastery	73	14%		68	14%		18	3%		15	3%	
Basic	196	37%		171	35%		248	47%		197	39%	
Approaching Basic	193	37%		193	39%		158	30%		147	29%	
Unsatisfactory	52	10%		42	9%		92	17%		130	26%	
Total	527			490			527			506		

District Achievement Level Results	Science						Social Studies					
	2012			2011			2012			2011		
	Number	Percent		Number	Percent		Number	Percent		Number	Percent	
Grade 8												
Advanced	13	2%		5	1%		6	1%		6	1%	
Mastery	83	16%		65	13%		72	14%		57	11%	
Basic	165	32%		140	28%		240	46%		177	35%	
Approaching Basic	188	36%		146	29%		130	25%		152	30%	
Unsatisfactory	73	14%		148	29%		74	14%		110	22%	
Total	522			504			522			502		

(concluded)

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Graduation Exit Exam (GEE)
Three Fiscal Years Ended June 30, 2012

District Achievement Level Results	English Language Arts						Mathematics					
	2012			2011			2010			2012		
	Number	Percent		Number	Percent		Number	Percent		Number	Percent	
Grade 10												
Advanced	0	0%		4	1%		3	1%		0	0%	
Mastery	0	0%		53	11%		60	14%		1	2%	
Basic	8	12%		219	44%		196	47%		15	26%	
Approaching Basic	22	34%		143	29%		118	28%		11	19%	
Unsatisfactory	35	54%		82	16%		39	9%		30	53%	
Total	65			501			416			57		

District Achievement Level Results	Science						Social Studies					
	2012			2011			2010			2012		
	Number	Percent		Number	Percent		Number	Percent		Number	Percent	
Grade 11												
Advanced	20	5%		10	2%		6	2%		11	3%	
Mastery	72	17%		35	8%		32	9%		43	10%	
Basic	154	36%		161	38%		149	43%		219	51%	
Approaching Basic	115	27%		116	28%		96	28%		92	21%	
Unsatisfactory	71	16%		98	23%		62	18%		67	16%	
Total	432			420			345			432		

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

ILEAP Tests
Three Fiscal Years Ended June 30, 2012

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	33	5%	45	7%	27	4%	29	4%
Mastery	163	24%	130	19%	116	18%	132	19%
Basic	322	48%	311	46%	314	49%	340	50%
Approaching Basic	111	16%	132	19%	176	27%	115	17%
Unsatisfactory	45	7%	61	9%	9	1%	63	9%
Total	674		679		642		679	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	24	4%	37	6%	10	2%	21	4%
Mastery	134	23%	76	13%	90	16%	92	16%
Basic	265	46%	306	53%	278	48%	306	53%
Approaching Basic	110	19%	79	14%	149	26%	108	19%
Unsatisfactory	46	8%	81	14%	51	9%	51	9%
Total	579		579		578		578	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	18	3%	16	3%	9	2%	55	10%
Mastery	102	18%	59	10%	73	13%	68	12%
Basic	294	52%	324	58%	275	49%	234	42%
Approaching Basic	104	19%	86	15%	160	29%	122	22%
Unsatisfactory	44	8%	77	14%	44	8%	82	15%
Total	562		562		561		561	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	26	6%	38	8%	6	1%	12	3%
Mastery	46	11%	44	9%	67	14%	67	14%
Basic	198	47%	210	44%	147	31%	215	46%
Approaching Basic	96	23%	110	23%	172	36%	107	23%
Unsatisfactory	53	13%	75	16%	81	17%	69	15%
Total	419		477		473		470	

District Achievement Level Results	English Language Arts		Mathematics	
	2010		2010	
	Number	Percent	Number	Percent
Grade 9				
Advanced	11	2%	37	6%
Mastery	67	10%	76	13%
Basic	297	45%	306	53%
Approaching Basic	208	32%	79	14%
Unsatisfactory	77	12%	81	14%
Total	660		579	

(Continued)

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

ILEAP Tests
Three Fiscal Years Ended June 30, 2012

District Achievement Level Results	English Language Arts 2011		Mathematics 2011		Science 2011		Social Studies 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	36	5%	56	8%	38	5%	29	4%
Mastery	167	24%	128	18%	118	17%	132	19%
Basic	318	45%	298	42%	325	46%	310	44%
Approaching Basic	112	16%	119	17%	162	23%	135	19%
Unsatisfactory	72	10%	104	15%	61	9%	98	14%
Total	705		705		704		704	

District Achievement Level Results	English Language Arts 2011		Mathematics 2011		Science 2011		Social Studies 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	27	4%	59	10%	21	3%	48	8%
Mastery	110	18%	73	12%	105	17%	98	16%
Basic	286	47%	290	47%	279	46%	261	43%
Approaching Basic	129	21%	98	16%	166	27%	129	21%
Unsatisfactory	60	10%	92	15%	41	7%	76	12%
Total	612		612		612		612	

District Achievement Level Results	English Language Arts 2011		Mathematics 2011		Science 2011		Social Studies 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	10	2%	31	6%	5	1%	19	3%
Mastery	74	13%	48	9%	58	10%	52	9%
Basic	288	52%	263	47%	271	49%	251	45%
Approaching Basic	135	24%	116	21%	175	31%	146	26%
Unsatisfactory	52	9%	104	19%	49	9%	90	16%
Total	559		562		558		558	

District Achievement Level Results	English Language Arts 2011		Mathematics 2011		Science 2011		Social Studies 2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	23	4%	16	3%	10	2%	13	3%
Mastery	69	13%	42	8%	72	14%	64	12%
Basic	243	47%	262	51%	219	42%	217	42%
Approaching Basic	129	25%	123	24%	151	29%	121	23%
Unsatisfactory	55	11%	75	14%	65	13%	102	20%
Total	519		518		517		517	

District Achievement Level Results	English Language Arts 2011		Mathematics 2011	
	Number	Percent	Number	Percent
Grade 9				
Advanced	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A
Total				

(Continued)

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

ILEAP Tests (Concluded)
Three Fiscal Years Ended June 30, 2012

District Achievement Level Results	English Language Arts 2012		Mathematics 2012		Science 2012		Social Studies 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	47	7%	58	9%	49	7%	13	2%
Mastery	170	25%	136	20%	161	24%	192	28%
Basic	290	43%	313	46%	294	43%	276	41%
Approaching Basic	123	18%	106	16%	138	20%	126	19%
Unsatisfactory	51	7%	69	10%	39	6%	74	11%
Total	681		682		681		681	

District Achievement Level Results	English Language Arts 2012		Mathematics 2012		Science 2012		Social Studies 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	22	4%	49	8%	25	4%	21	4%
Mastery	105	18%	75	13%	105	18%	102	17%
Basic	278	47%	302	51%	268	45%	264	45%
Approaching Basic	119	20%	80	14%	147	25%	127	22%
Unsatisfactory	66	11%	84	14%	45	8%	76	13%
Total	590		590		590		590	

District Achievement Level Results	English Language Arts 2012		Mathematics 2012		Science 2012		Social Studies 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	22	4%	42	8%	14	3%	52	9%
Mastery	96	17%	55	10%	83	15%	55	10%
Basic	260	47%	263	48%	248	45%	213	39%
Approaching Basic	128	23%	94	17%	146	27%	145	26%
Unsatisfactory	43	8%	95	17%	57	10%	83	15%
Total	549		549		548		548	

District Achievement Level Results	English Language Arts 2012		Mathematics 2012		Science 2012		Social Studies 2012	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	20	4%	18	3%	10	2%	14	3%
Mastery	66	13%	54	10%	70	13%	54	10%
Basic	233	44%	241	46%	200	38%	199	38%
Approaching Basic	147	28%	139	26%	182	35%	164	31%
Unsatisfactory	62	12%	75	14%	65	12%	96	18%
Total	528		527		527		527	

District Achievement Level Results	English Language Arts 2012		Mathematics 2012	
	Number	Percent	Number	Percent
Grade 9				
Advanced	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A
Total				

(Concluded)

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
Philip A. Ragsdale, CPA
David Ray Soignier, CPA, MBA

John Herman, CPA
Lynn Andries, CPA
Esther Atteberry, CPA
Lori Woodard, MBA, CPA

MANAGEMENT LETTER

City of Monroe School Board Monroe, Louisiana

In planning and performing our audit of the financial statements of the City of Monroe School Board (the School Board) for the year ended June 30, 2012, we considered its internal control structure in order to determine our auditing procedures for purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control structure or overall compliance with laws and regulations.

However, during our audit, we became aware of certain matters that are opportunities for strengthening internal controls and the overall environment for compliance with laws and regulations. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated December 28, 2012 on the financial statements of the School Board.

Documentation of Internal Control

Management of the School Board is charged with establishing and maintaining internal control and to assess internal control for effectiveness in design and operation. Those components are outlined in the Committee of Sponsoring Organizations of the Treadway Commission Report (commonly referred to as the COSO Report, or COSO) and consist of the Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. While certain elements of the components of internal control exist and certain aspects of the control activities have been documented, the School Board does not possess written documentation of all components of internal control over School Board operations.

For management and those charged with governance to properly discharge their responsibility to establish and maintain internal control, there must exist a level of documentation of internal control sufficient to allow them to assess operating effectiveness and design, not just at a point in time, but over a period of time. As circumstances change, controls should be re-evaluated for ongoing effectiveness.

Management's Response:

The District has many existing procedures in place that provide for effective internal control. The district has evaluated the internal control procedures and has developed written documentation for the control activity component as outlined in the Committee of Sponsoring

**City of Monroe School Board
Monroe, Louisiana
Management Letter
Page 2 of 2**

Organizations of the Treadway Commission Report (COSO). We are also developing documentation for the Control Environment, Risk Assessment, Information and Communication, and Monitoring which are the other components of COSO. Likewise, the District has utilized many available resources, such as the COSO framework.

Huffey, Huffman, Rozell, & Siggins

(A Professional Accounting Corporation)

December 28, 2012